

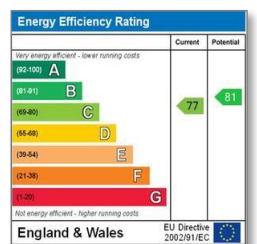


South Somerset District Council:

Local Housing Needs Assessment 2021

Report of Findings

October 2021





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Executive Summary

Summary of Key Findings and Conclusions

Introduction

1. In 2019, Opinion Research Services (ORS) was commissioned by South Somerset District Council and Somerset West & Taunton District Council to prepare a Local Housing Needs Assessment (LHNA) for the period 2020-2040 to identify the size, type and tenure of homes that will be needed in the future, and the housing needs of different groups, including affordable housing.
2. Since this time, new data has been released which underpins the overall housing needs figures and also new guidance has been released for policy issues such as First Homes and self and custom housebuilding. This update is for South Somerset District Council.

Government Policy

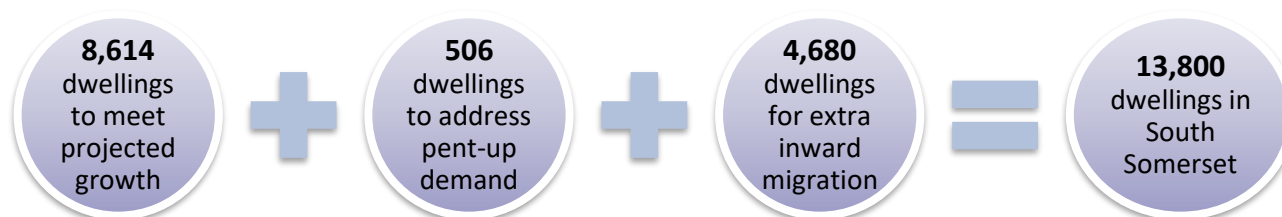
3. The Government published the original National Planning Policy Framework (the Original NPPF) in 2012. A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018 and was updated in February 2019 to incorporate a number of detailed changes and further updated in July 2021. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified that affordable housing should be provided for households “*whose needs are not met by the market*”, the Revised NPPF adds that this includes “*housing that provides a subsidised route to home ownership and/or is for essential local workers*”. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.
4. The 2021 NPPF requires local planning authorities to inform strategic policy making with a local housing needs assessment. The Local Housing Needs Assessment (LHNA) must now be prepared which will establish a minimum Local Housing Need (LHN) figure, which in turn is set by a Standard Method formula issued by DLUHC. **As of April 2020, the minimum Local Housing Need figure for South Somerset is 690 dwellings per annum. This translates to 13,800 dwellings (690 x 20) across the twenty-year period.**

Local Housing Need

5. The number of dwellings needed to deal with the projected household and institutional population growth is 8,614 in South Somerset. This leaves a difference between the housing need figure of 13,800 dwellings and the population projected need of 8,614 dwellings which equates to of 5,186 dwellings.
6. This additional need is made up from two elements:
 - » Enabling more households to form¹ (from the pent-up housing demand) = 506 dwellings;
 - » Enabling more net inward migration² = 4,680 dwellings.

¹ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001.

² Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration.



7. These 13,800 overall dwellings can be separated into market and affordable housing. Figure 1 shows the results of this exercise. Note that Class C2 dwellings are part of the LHN, so of the total housing that the LHN implies for the plan period, the projections imply a need for 570 units of this total to be Class C2. The need for 570 C2 dwellings in the table is the result of applying the market vacancy rate the modelled growth in institutional households within the population projections, which would equate to a need for 1,026 Class C2 bedspaces. There is no assumption that this need must be provided as Class C2 dwellings, but any provision of Class C2 bedspaces can be counted as part of the overall supply of dwellings.
8. **The data includes a need for 3,406 dwellings for those who cannot afford market rents. This could be met through Social or Affordable Rent.** The vast majority of the need is for those who cannot afford Social Rent and in practice will require help from the housing benefit element of Universal Credit to support their housing costs. While Social Rent is more affordable than Affordable Rent, neither will be affordable to the majority of those who cannot afford market rents without financial support.
9. Figure 1 also includes a split in the households aspiring to home ownership between those who can afford the new First Homes product at 70% of market prices and those who are able to afford at 50%, but not 70% of market prices. Those who are unable to afford First Homes at a 30% discount are assumed to require a more accessible product such as First Homes at a 50% discount. If this cannot be provided, then they are assumed to remaining in the private rented sector rather than requiring Social or Affordable Rent. In South Somerset, Shared Ownership is likely to be slightly more expensive than First Homes at a 30% discount because of the rental element. However, it is also much more flexible than First Homes and therefore may meet the needs of different households.

Figure 1: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Dwellings			Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents	Unable to afford market ownership				
		Unable to afford 70% First Homes	Able to afford 70% First Homes			
1 bedroom	364	5	85	454	499	953
2 bedrooms	1,425	95	225	1,744	1,329	3,073
3 bedrooms	1,261	149	232	1,642	5,292	6,934
4+ bedrooms	356	61	51	469	1,801	2,270
DWELLINGS	3,406	310	592	4,309	8,921	13,230
C2 Dwellings	-			-	570	570
LHN	3,406	310	592	4,309	9,491	13,800

10. Government policy currently identifies that at least 25% of affordable housing should be delivered as First Homes and that at least 10% of sites of 10 units of more should be affordable homeownership properties

such as First Homes. Given these policies at a national level, the evidence points to a need for First Homes in South Somerset, but that the remaining 75% of affordable housing on sites should be targeted at affordable to rent properties such as Social and Affordable Rent.

Housing for Older People

11. The population projections linked to the LHN of 690 dpa identify that the population of South Somerset is likely to increase from 169,082 persons to 187,851 persons over the 20-year period 2020-40; an increase of 18,770 persons. Almost all of the net population growth is projected to be in the 65 years and older age categories, with 72% projected to be 75+ years.
12. The tables below identify the potential requirement for new specialist housing, taking account of the current population and existing stock together with the additional demand for the period 2020-2040 based on the projected change in population aged 75+. The Housing LIN SHOP Resource Packs indicate that as many as 6,413 dwellings may be required over the 20 years.

Figure 2: Modelled Demand for Older Person Housing in South Somerset based on Current Provision and Housing LIN Toolkit

		Rate per 1,000 persons aged 75+	Gross need 2020	Existing supply	Backlog at start of period	Gross need 2040	New need 2020-40	Overall need
SHOP Resource Pack								
Sheltered Housing	Owned	120	2,459	402	+2,057	4,085	+1,626	+3,683
	Rented	60	1,229	1,415	-186	2,042	+813	+627
Extra Care	Owned	40	820	10	+810	1,362	+542	+1,352
	Rented	31	635	304	+331	1,055	+420	+751
TOTAL		251	5,142	2,131	+3,011	8,544	+3,402	+6,413

13. Of course, it is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. In particular it is important to consider that the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs. On this basis it is likely that the Housing LIN model will overstate the levels of need and will result in too many people being projected to require too high a level of care and instead policy could focus more towards adapting household's existing homes to allow them to remain in situ for longer.

Housing for People with Disabilities

14. The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings. Three standards are covered:
 - » M4(1) Category 1: Viable dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

15. Based on current need and the household projections, we can establish the future need for adapted housing (M4[2] and M4[3]) based on the projected household growth and the changing demographics of the area. There will be a total of 13,047 households in South Somerset either needing adaptations to their existing housing or suitable new housing to be provided by 2040.
16. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock. Based on the housing mix, it is likely that around 60% will live in dwellings that could be converted to meet the M4(1) standard. On this basis, we could assume that at least 40% of the need for adapted housing could not be met by adaptation of existing homes; a total of 5,264 households. This includes the 596 households identified as needing to move in 2020.

Figure 3: Current and Future households with a long-term illness or disability in South Somerset by effect on housing need
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Market	Affordable	TOTAL
Existing need in 2020			
Households where an existing illness or disability affects their housing need and need to move in 2020	339	257	596
Projected future need 2020-40			
Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years	9,359	3,092	12,451
Maximum need for adapted housing 2020-40 (households)	9,698	3,348	13,047
Less households living in dwellings adaptable to M4(1) standard	5,850	1,933	7,783
Minimum need for adapted housing 2020-40 (households)	3,848	1,416	5,264

17. **The evidence supports the need for a target of 25% of all housing to meet M4(2) standards, with an additional 10% of dwellings needing to be delivered to M4(3) standard.** However, we would note the government consulted in 2020 around the future of the technical standards and it may be that all new dwellings will be required to be M4(2) standard in the future, but the outcome of the consultation is still awaited.

People Wishing to Build their Own Homes

18. In February 2021 the Government updated Planning Practice Guidance in the form of, Self-build and custom housebuilding³. There is now an expectation that planning authorities must grant enough permissions to meet the numbers on their self and custom housebuilding registers with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals.
19. As of October 2020, South Somerset has consistently provided enough plots to meet the needs identified on the register. This has been achieved without any designated policy requirement for either allocated sites for serviced plots, or a requirement for a proportion of plots on larger sites to be made available.
20. We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites. There is less evidence that those with lower budgets are having their needs met. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable homeownership dwellings

³ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/self-build-and-custom-housebuilding)

where they can be heavily involved in the building of their final property. It is for these two groups that South Somerset could seek to work more proactively.

1. Introducing the Study

Background to the project and wider policy context

Introduction

- 1.1 In 2019, Opinion Research Services (ORS) was commissioned by South Somerset District Council and Somerset West & Taunton District Council to prepare a Local Housing Needs Assessment (LHNA) for the period 2020-2040 to identify the size, type and tenure of homes that will be needed in the future, and the housing needs of different groups, including affordable housing.
- 1.2 Since this time, new data has been released which underpins the overall housing needs figures and also new guidance has been released for policy issues such as First Homes and self and custom housebuilding.
- 1.3 This update is for South Somerset District Council. The update considers the impact of a change to the government's standard method for housing needs from 685 dwellings per annum in the 2019 study to the current figure of 690 dwellings per annum. It also assesses issues such as First Homes and self and custom housebuilding in more detail.
- 1.4 This current study has a high degree of overlap with the previous LHNA. We have chosen not to update a small number of areas, such as students, the Armed Forces and key workers, because nothing has changed in the analysis for these groups. We have also not updated the analysis of the balance between jobs and workers because the previous LHNA shows a large surplus of workers in South Somerset.
- 1.5 For the remaining areas of the report, we have fully updated all the analysis. Therefore, the report structure is very similar, but the majority of the numbers are changed between the two reports.

Government Policy

- 1.6 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.7 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet "*the full, objectively assessed needs for market and affordable housing in the housing market area*". The responsibility for establishing housing need rested with the local planning authority and Paragraph 159 of the Original NPPF set out that they "*should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries*".
- 1.8 A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document "Government response to the technical consultation on updates to national planning policy and guidance".

- 1.9 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 61 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.
- 1.10 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst HMAs are no longer mentioned explicitly in the Revised NPPF, Paragraph 61 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].
- 1.11 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.12 Under the Original NPPF, affordable housing need was based on those who could not afford to buy or rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn't afford to do so. However, the latest PPG states that assessments must now include the needs of *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.

The Standard Method for Local Housing Need Assessment

- 1.13 The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that *“Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need”*, but allowed for adjustment based on local factors: *“The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.”* Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need elements such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 1.14 On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals:

» The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;

- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local plan housing target.

- ^{1.15} CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.
- ^{1.16} The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

When might it be appropriate to plan for a higher housing need figure than the standard method?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of:

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

PPG Reference ID: 2a-010-20190220

- ^{1.17} PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process but that this number should be kept under review and revised where

appropriate. This assessment is produced in line with this approach. The housing need figure may change as the inputs are variable, it may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes while reviewing local plans.

Changes to the Standard Method

^{1.18} Since the publication of the figures in September 2017 a range of new data has been released which allows for the calculation to be updated. This includes:

- » New affordability data released each year;
- » New 2016-based and 2018 based sub-national population projections (SNPP); and
- » New 2016-based and 2018 based household projections.

^{1.19} The national housing need produced using these new data is lower than previous estimates, falling short of the Governments stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG), now Department for Levelling Up, Housing and Communities (DLUHC), consulted on changes to the standard method approach, and on 26 October 2018 published “Technical consultation on updates to national planning policy and guidance October 2018”.

^{1.20} At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:

- » *1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.*
- » *2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and*
- » *3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.*

^{1.21} The “**Government response to the technical consultation on updates to national planning policy and guidance**” was published on 19 February 2019. Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.

^{1.22} On this basis, it would appear that any deviation from the standard methodology should only be considered if exceptional circumstances can be demonstrated. Nevertheless, the revisions to PPG [ID 2a-015-20190220] clarify that an alternative approach that identifies a need higher than using the standard method will be considered sound, providing that it adequately reflects current and future demographic trends and market signals, given that it will have exceeded the minimum starting point. Any figure lower than that identified using the standard method will need to be justified through exceptional local circumstances.

1.23 The Government's response goes on to say:

Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establish a new approach that balances the need for clarity, simplicity and transparency for local communities with the Government's aspirations for the housing market.

A key consideration of the standard method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.

1.24 The end of the 18-month period was August 2020 and at this point the Government consulted on a new standard method for LHN, but decided to leave the existing method in place, except for a modification to increase the number in the 20 largest cities by 35%.

1.25 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based and 2018-based projections, as stated in the consultation. However, the Government has also made it clear that the existence of the lower 2016-based and now 2018-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.

1.26 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections and continued in the 2018-based projections, the 2016-based and 2018-based sub national population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.

1.27 This report therefore follows the standard method, using 2014-based household projections as the minimum LHN, before exploring the size, type and tenure of housing needed for the community.

Assessing Housing Needs

1.28 The Revised NPPF no longer requires local planning authorities to produce an SHMA to establish housing need for HMAs, but instead requires local planning authorities:

61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

63. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:

a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and

b) the agreed approach contributes to the objective of creating mixed and balanced communities

National Planning Policy Framework, February 2019

- ^{1.29} The new NPPF does not contain any explicit reference to SHMAs and housing needs are to be established at a local authority level. However, a Housing Needs Assessment must now be prepared which will establish a minimum Local Housing Need (LHN) figure using the standard method set out in PPG [ID 2a-004-20190220]. In addition, the Housing Needs Assessment will need to identify the size, type and tenure of housing needed for a range of different groups in the community, which is largely consistent with the scope for SHMAs that the Original NPPF identified.

2. Demographic Projections

The starting point for establishing Local Housing Need

Official Projections

- 2.1 Planning Practice Guidance revised in February 2019 identifies that **Household Projections** provide the baseline for determining the minimum Local Housing Needs figure.

Why are 2014-based household projections used as the baseline for the standard method?

The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.

Planning Practice Guidance, ID 2a-005-20190220

- 2.2 Given this context, Figure 4 sets out the 2014-based household projections over the period 2021-31, which is the period covered by the Standard Method and therefore allows for sensitivity testing. However, household projections can vary considerably at a local level which introduces a risk to the LHN figure. Therefore, Figure 4 also sets out the previous household projections that CLG produced for the area together with the 2016-based and 2018 based ONS household projections, including the associated outputs from the sensitivity analysis undertaken.

Figure 4: Household projections 2021-31 (Source: CLG, ONS; Note: All figures presented unrounded for transparency)

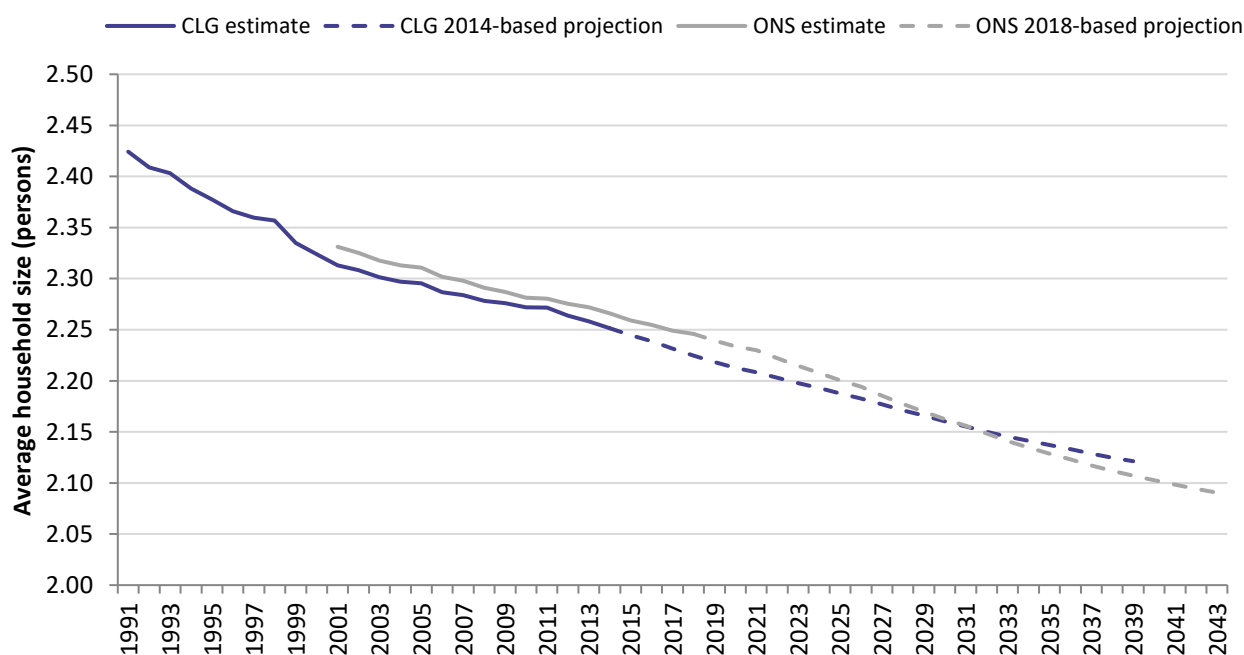
	Migration Trend	10-year Change in Households 2021-31
		South Somerset
CLG Household Projections		
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+5,548
ONS 2016-based Projections		
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+4,943
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+5,503
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+5,048
ONS 2018-based Projections		
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-16	+4,833
Sensitivity analysis 1: 2018-based population with 5 year migration trends	2013-18	+4,387
Sensitivity analysis 2: 2018-based population with 10 year migration trends	2008-18	+4,327

- 2.3 For South Somerset, the CLG 2014-based household projections identify a growth of 5,548 households over the 10-year period 2021-2031; notably higher than the ONS 2016-based projections which identified the growth of 4,943 households and the ONS 2018 based projections which identified a growth of 4,833 households. This is a reduction of approximately 600-700 households. However, if we use analysis 2 (using 2016-based population, but 2014-based HH), this shows that the latest population figures yield 5,048 households (based on 2014 formation rates), a decrease of 500. Sensitivity analysis 1 however (using 2014-based population, but 2016-based HH), shows a decrease of approximately 45 households, which demonstrates the impact of the change in household formation rates. This analysis shows that the majority of the change in South Somerset's household figures between the 2014 based projections and ONS 2016 and 2018 based projections are as a result of the different migration trend period used in the projections, not the different method used to calculate household projections.

Projected Household Size

- 2.4 When considering household projections, it is often helpful to review changes to the average household size. Household size is a product of the population and household projections and not a variable used to create them. The data set out in Figure 5 divides the household populations in South Somerset by the associated household projection.
- 2.5 As can be seen average household sizes steadily declined in South Somerset until 2011 and are projected to continue falling in future. This can largely be ascribed to an ageing population, given that older persons tend to live in smaller households (typically single persons or couples without children living in the household). If there was a high degree of suppressed household formation in the area, then this would typically show up as a growing average household size, although other factors such as more families moving into the areas could also generate the same outcome.

Figure 5: Average household size estimates and projections for South Somerset for the period 1991-2043 (Source: CLG estimates 1991-2011; ONS 2018)



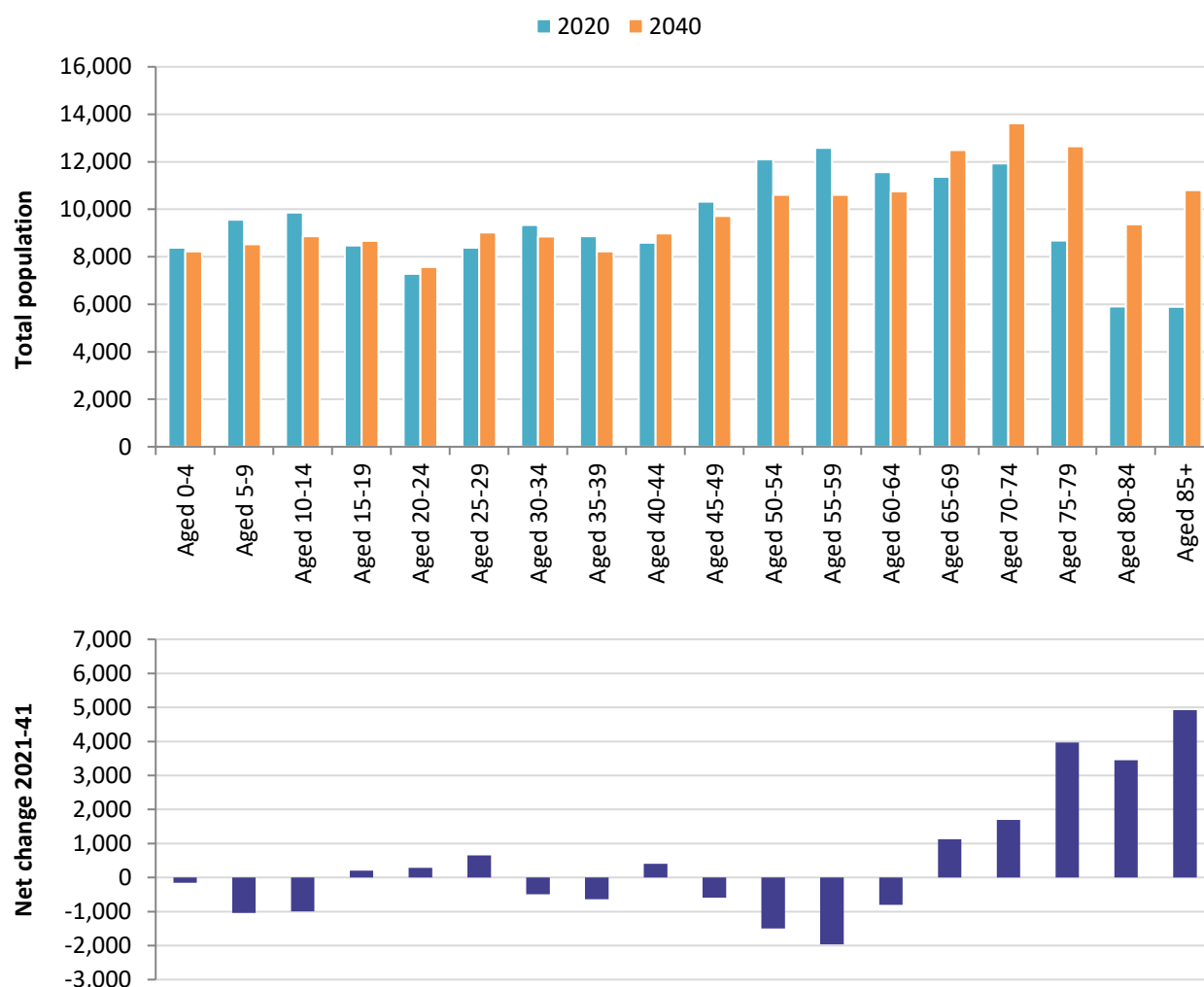
3. Household Growth

The starting point for establishing Housing Tenure and Size

Projected Population Age Profile

- 3.1 The 2018-based ONS household projections represent the most up-to-date household projections at the time of writing, however since their publication a further set of Mid-Year Estimates (MYEs) of population have been released. By applying the 2018 household formation rates to these population estimates, a more up-to-date estimate of household numbers for 2019 can be derived. The projections presented below take account of these newly released figures by replacing the 2019 data in the household projections with these newly derived household numbers. The projection is then run based on this updated data to derive projected household change 2020-40 in South Somerset.
- 3.2 Figure 6 shows the projected change in South Somerset population by 5-year age band for the 20-year period 2020-40. This period has been chosen to be consistent with the local plan.
- 3.3 For South Somerset, the growth in the older population is more than the overall population growth; the growth in the older person population is 15,145 persons, and this is offset by a reduction of 6,631 younger persons from a total growth of 8,513 persons. This includes an increase of 4,917 persons aged 85 or over. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.
- 3.4 There are decreases in most age groups under 65, particularly for adults aged 50-59 years, but these have considerably less effect on the net population growth of 8,513 persons than the increase in over 65s.

Figure 6: Population projections 2020-40 by 5-year age cohort for South Somerset (Source: ONS 2018 based sub-national projections)



Household Projections by Age

- 3.5 Figure 7 summarises the total number of households in South Somerset in 2020 and 2040 in terms of the age of household representatives, together with the change in the number of households in each category over the period 2020-40 using 5-year age bands. A household representative is the eldest economically active person in the household.

Figure 7: Total projected households in South Somerset for 2020 and 2040 and summary of 20-year change by age of household representative (Note: Figures may not sum due to rounding. Source: ORS Model)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
South Somerset									
2020	1,600	7,400	9,500	13,300	14,000	13,400	10,500	4,400	74,100
2040	1,600	7,500	9,500	12,000	12,200	14,800	15,900	8,200	81,700
TOTAL CHANGE 2020-2040	+100	+100	0	-1,300	-1,800	+1,400	+5,400	+3,800	+7,600

3.6 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. The increase in households aged 65+ represents more than 100% of the total household growth, offset by reductions in younger age groups. Many of these older households will already be established and living in existing homes; they will simply get older during the 20-year period. It is therefore also important to consider household growth in relation to age cohorts.

3.7 Figure 8 shows the projected number of households in each cohort, showing their age in both 2020 and 2040.

Figure 8: Total projected households for 2020 and 2040 and summary of 20-year change by age cohort of household representative (Note: Figures may not sum due to rounding. Source: ORS Model)

Age in 2020	Age of Household Representative								TOTAL
	<5	5-14	15-24	25-34	35-44	45-54	55-64	65+	
Age in 2040	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
South Somerset									
2020	-	-	1,600	7,400	9,500	13,300	14,000	28,300	74,100
2040	1,600	7,500	9,500	12,000	12,200	14,800	15,900	8,200	81,700
TOTAL CHANGE 2020-2040	+1,600	+7,500	+7,900	+4,600	+2,700	+1,600	+1,900	-20,100	+7,600

3.8 The data shows a total of 7,400 households aged 25-34 in 2020. The same households would be aged 45-54 by 2040. The trend-based projection identified that total number of households aged 45-54 in 2040 would total 12,000; therefore, an extra 4,600 households: partly due to new household formations and partly due to net migration.

3.9 Based on the cohort analysis, it is apparent that around 27,700 extra households aged under 85 (in 2040) will be likely to form in South Somerset over the 20-year period 2020-40 against a total growth of 7,600 households. The 27,700 extra households aged under 85 are offset against a reduction of 20,100 households aged 85 or over (in 2040). Most of this reduction is due to household dissolution following death (although some may be due to net migration):

- » A total of approximately 28,300 households were aged 65+ in 2020, who would be aged 85+ in 2040 if they had survived;
- » The projected number of households aged 85+ in 2040 is approximately 8,200, which represents a reduction of 20,100 households whose existing homes would be vacated.

3.10 Whilst the increase in overall households is largely amongst those aged 65+, most of the new households seeking housing will be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be nearly treble the overall household growth; so, it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

3.11 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

3.12 Figure 9 shows the household numbers for South Somerset for 2020 and 2040 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the

number in each age category rather than the number in each age cohort, as it is assumed that housing needs are more likely to be influenced by the actual age rather than the year of birth.

Figure 9: Total projected households for 2020 and 2040 and summary of 20-year change by household type and age of household representative for South Somerset (Note: Figures may not sum due to rounding. Source: ORS Model)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total Households 2020									
Single person	490	1,720	1,780	2,610	3,420	3,530	5,950	3,210	22,700
Couple without children	240	1,640	1,110	4,810	9,210	8,860	3,580	1,010	30,500
Families with child(ren)	690	3,680	6,430	5,300	980	60	70	10	17,200
Other households	140	370	220	560	390	940	910	180	3,700
TOTAL	1,600	7,400	9,500	13,300	14,000	13,400	10,500	4,400	74,100
Total Households 2040									
Single person	440	1,720	1,830	2,430	3,010	3,100	7,650	6,050	26,200
Couple without children	120	1,290	730	2,920	7,770	10,180	6,320	1,940	31,300
Families with child(ren)	950	3,980	6,730	6,280	1,280	100	200	50	19,600
Other households	100	460	180	380	140	1,450	1,780	140	4,600
TOTAL	1,600	7,500	9,500	12,000	12,200	14,800	15,900	8,200	81,700
Total Change 2020-2040									
Single person	-50	+0	+50	-180	-400	-430	+1,700	+2,840	+3,500
Couple without children	-120	-350	-390	-1,880	-1,440	+1,330	+2,740	+930	+800
Families with child(ren)	+260	+300	+300	+980	+300	+40	+130	+30	+2,300
Other households	-40	+90	-40	-180	-250	+500	+870	-40	+900
TOTAL CHANGE	+100	+0	-100	-1,300	-1,800	+1,400	+5,400	+3,800	+7,600

3.13 In summary:

- » Families with dependent children represent over a quarter of the overall household growth: an increase of 2,300 households over the 20-year period;
- » Single person households represent 47% of the overall 2020-40 household growth in South Somerset. Of these, around 80% are aged 85 and over;
- » Couples without dependent children represent 11% of the household growth. This does refer only to dependent children, and any household with only non-dependent children living at home will be included in the "Other" group set out below. In South Somerset, this is an increase of 800 households; formed of 5,000 households aged 65+ offset against a reduction of 4,200 younger couples without children.
- » The increase in "Other" households represents 12% of the growth. Other households include multi-generation living, student households and Houses in Multiple Occupation (HMOs).

3.14 Therefore, 58% of the household growth is associated with households such as single persons and couples without children who require smaller dwellings.

4. Local Housing Market

Housing options and cost of housing in South Somerset

Housing Stock by Size

- 4.1 Figure 10 shows the housing stock of South Somerset by tenure and number of bedrooms. In general, the owner-occupied stock is dominated by 3-bedroom properties.
- 4.2 In general, 2 bedrooms are the most common private rented property size followed by 3-bedroom then 1 bedroom. In social rent there is a broad three-way split between 1, 2 and 3-bedroom properties, with slightly more 2-bedroom properties than other sizes.

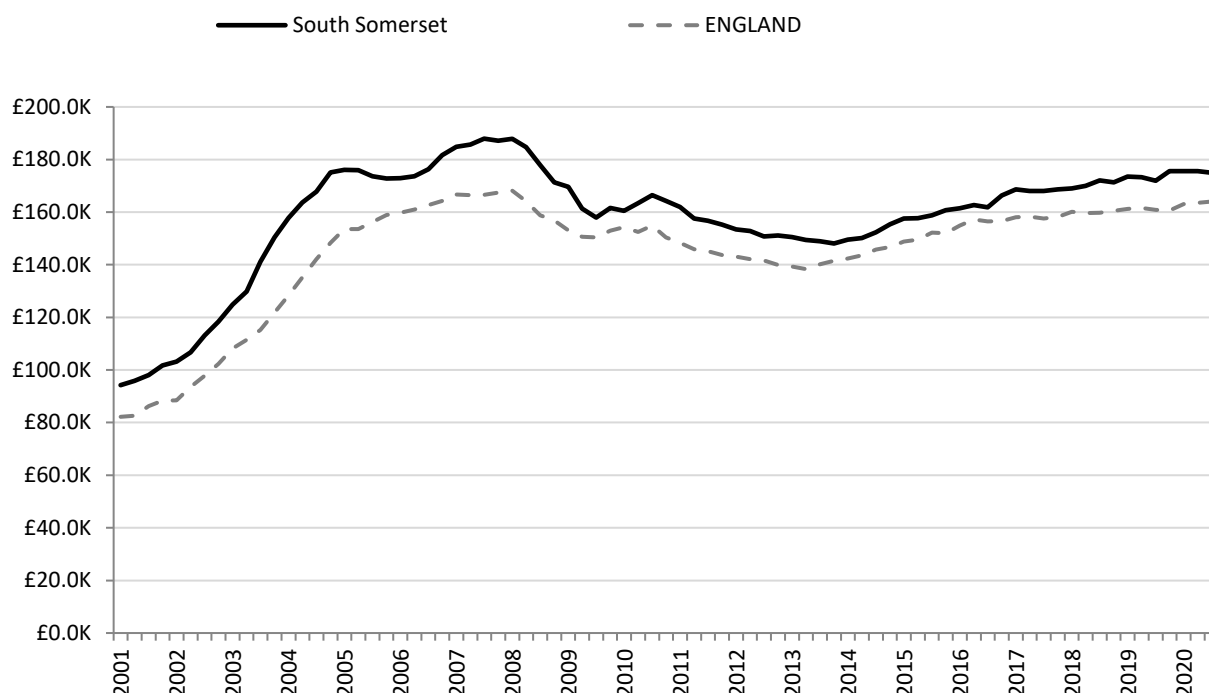
Figure 10: Dwelling stock by tenure and number of bedrooms by area (Source: UK Census of Population 2011)

Property Type	Owner Occupied	Private Rent	Social Rent	TOTAL
South Somerset				
1 bedroom	3.1%	18.8%	26.1%	8.6%
2 bedrooms	21.4%	36.0%	37.0%	25.7%
3 bedrooms	46.9%	34.5%	33.5%	43.2%
4 bedrooms	21.9%	7.9%	2.6%	17.1%
5+bedrooms	6.7%	2.8%	0.8%	5.3%

Cost of Home Ownership

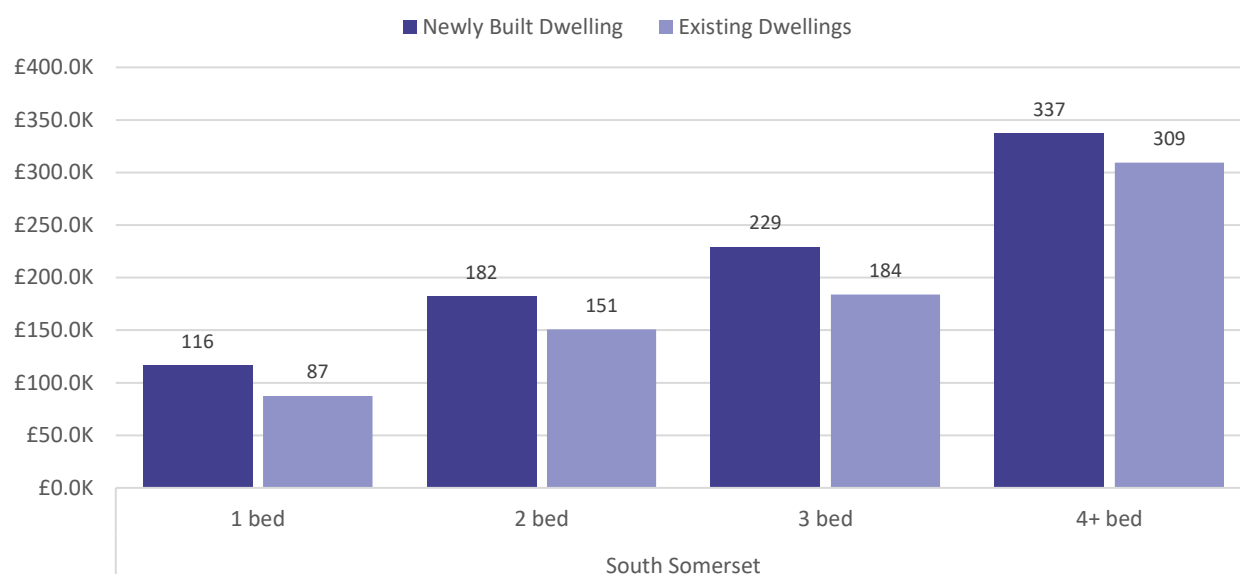
- 4.3 House price trends (2001-2020) are shown in Figure 11 based on lower quartile house prices. Lower quartile prices are used to consider the entry level price for home ownership. Of course, the value of money has also changed during this period, so the data is adjusted to take account of and remove the impact of inflation; therefore, the values reflect real changes in house prices since 2001.
- 4.4 It is evident that real house prices in South Somerset increased substantially in the period 2001-2008 (from £94,200 to £187,900 at 2020 values, a real increase of 100%). Values reduced during the economic downturn to around £157,900 by mid-2009 and continued to decline over the period to 2013 reaching a low point of £148,100; but have since increased to a value of £175,600 by late 2020.

Figure 11: Real House Price Trends in South Somerset: Lower Quartile Prices adjusted to 2020 values using CPI (Source: ONS; Bank of England)



- 4.5 Figure 12 shows the lower quartile house prices by bedroom size. The data shows both the lower quartile price for existing properties and new build dwellings, with prices taken from the Land Registry records for the sales prices of individual properties. When considering first time buyers in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties, although some will seek larger properties. As discussed below, schemes such as the new First Homes product which sells new homes at a 30% or more discount compared to market prices to local first-time buyers may make home ownership more accessible for this group.
- 4.6 The degree to which new build properties are more expensive than existing homes varies considerably by size of dwelling. This is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character. In general, new build properties are more expensive than existing dwellings. Given the price of new build properties, a higher level of delivery will make affordability worse in the short-term by increasing median property prices, thus leading to a higher uplift in the Standard Method.

Figure 12: Lower quartile prices (adjusted to 2019 values using CPI) for existing dwellings and newly built dwellings (2016-19) by property size in South Somerset (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)



Income Needed for Home Ownership

- 4.7 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 4.8 To give an illustrative example (based on South Somerset prices), taking an existing 1-bedroom property:
- » The lower quartile price recorded was £87,000;
 - » Based on a 90% loan-to-value mortgage, a deposit of £8,700 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £78,300;
 - » Using a mortgage income multiplier of 3.5x would therefore need an annual income of £22,400.
- 4.9 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £4,350 (equivalent to 5% of the overall price) but the income required would increase to £23,600 per year. Borrowing at a 4.0x income multiplier would reduce the income needed; but households would still need an income of between £19,600 and £20,700 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property at an overall cost of £87,000 is likely to require an annual income of at least £19,600 (assuming a 10% deposit and a 4.0x multiplier); but with less deposit and a lower income multiplier an income of up to £23,600 per year could be needed.
- 4.10 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership.
- 4.11 Based on these assumptions, Figure 13 shows the household income levels needed to buy 1 and 2 bedrooms properties in terms of both existing dwellings and newly built dwellings in South Somerset. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. On this basis, it is relatively artificial to consider incomes in isolation.

Figure 13: Annual income required to afford properties based on a 10% deposit and 3.5 times income mortgage by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Property Type	Annual Household Income Needed to Own at Lower Quartile Prices: South Somerset
NEWLY BUILT DWELLINGS	
1 bedroom	£29,900
2 bedrooms	£46,800
EXISTING DWELLINGS	
1 bedroom	£22,400
2 bedrooms	£38,800

Cost of Renting

- 4.12 Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit based on Broad Rental Market Areas (BRMAs). The LHA was previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget.
- 4.13 Whilst BRMAs do not align with local authority boundaries, the Yeovil BRMA covers almost all of South Somerset, and the remainder is covered by the Taunton & West Somerset BRMA.
- 4.14 Figure 14 sets out the maximum local housing allowance by size of property in each of these BRMAs:

Figure 14: Maximum Local Housing Allowance thresholds 2019 (Source: Valuation Office Agency)

Weekly Rent £	Broad Rental Market Area	
	Yeovil BRMA	Taunton & West Somerset BRMA
LOCAL HOUSING ALLOWANCE		
Room only	£77.00	£84.50
1 bedroom	£101.26	£103.56
2 bedrooms	£132.33	£136.93
3 bedrooms	£166.85	£164.55
4+ bedrooms	£212.88	£207.12

- 4.15 Figure 15 sets out the weekly rents for different property sizes. This includes:

- » Median and lower quartile private rent;
- » Affordable rent; and
- » Social rent based on existing average rents.

Figure 15: Weekly rent thresholds 2019 (Source: Private Rental Market Statistics, Valuation Office Agency; Regulator of Social Housing. Note: Private rent data excludes housing benefit funded tenancies)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
SOUTH SOMERSET				
1 bedroom	£109.24	£102.34	£87.33	£76.02
2 bedrooms	£149.49	£136.84	£108.68	£88.77
3 bedrooms	£172.48	£160.99	£132.37	£98.01
4+ bedrooms	£275.98	£228.83	£160.17	£112.16

- 4.16 It is evident that for all property sizes, the median private rent is the highest followed in turn by the lower quartile private rent, affordable rent and target social rent. Where the LHA rates are higher than the equivalent lower quartile private rents, it is important to note that the private rent figures exclude housing benefit funded tenancies. Therefore, there would appear to be only limited opportunity for an increase in the number of households in receipt of housing benefit given that lower quartile rents are already above or close to the maximum housing benefit.

Income Needed to Rent Housing

- 4.17 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)⁴ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income”* (page 42)

- 4.18 However, this previous Guidance was rescinded in March 2014 following the publication of the Original NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that *“care should be taken ... to include **only those households who cannot afford** to access suitable housing in the market”* [ID 2a-020-20190220] (emphasis added).

- 4.19 Results from the English Housing Survey (EHS) 2015-16⁵ provides information about the percentage of gross household income that households currently spend on their housing costs⁶:

- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and
- » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.

- 4.20 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.

⁴ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

⁵ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

⁶ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16”

- 4.21 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income on average, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).
- 4.22 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 4.23 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in South Somerset based on a 35% income multiplier:
- » The lower quartile weekly rent recorded was £102.69;
 - » Based on a 35% income multiplier, a weekly income of £293.40 would be needed which equates to a gross annual income of £15,257.
- 4.24 To rent the same property based on a 25% income multiplier would increase the gross income required to £21,360 per year whereas households with an annual income of £15,706 per year could afford the rent if 45% of their income was allocated to housing costs. Therefore, to rent a self-contained 1-bedroom property in South Somerset, at a lower quartile rent overall cost of £102.69 per week is likely to require an annual income of at least £15,257 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.
- 4.25 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark to establish the rental income needed. Based on this assumption, Figure 16 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

Figure 16: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size (Source: ORS based on Valuation Office Agency data April 2018 to March 2019)

Annual Income £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
SOUTH SOMERSET				
1 bedroom	£16,286	£15,257	£13,019	£11,333
2 bedrooms	£22,286	£20,400	£16,202	£13,234
3 bedrooms	£25,714	£24,000	£19,734	£14,611
4+ bedrooms	£41,143	£34,114	£23,878	£16,721

- 4.26 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid.
- 4.27 Considering some examples of disposable income:
- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore,

housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;

- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.

- 4.28 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take account of different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for different types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.
- 4.29 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 17 sets out the incomes for housing benefit eligibility for different types of households.

Figure 17: Maximum annual income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data)

Maximum Annual Income for HB support		South Somerset
ROOM ONLY	Single person aged 16-24	£9,254
	Single person aged 25-34	£10,061
1 BEDROOM PROPERTIES	Single person aged 35+	£12,008
	Couple (both aged under 18)	£12,773
	Couple (one or both aged 18 or over)	£14,223
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£18,064
	Lone parent (aged 18 or over) with 2 children	£21,627
	Couple (aged 18 or over) with 1 child	£20,279
	Couple (aged 18 or over) with 2 children	£23,842

Income Needed for Other Types of Housing

- 4.30 Another housing option that could be made available in South Somerset, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2021(Glossary)

- 4.31 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.
- 4.32 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 4.33 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL⁷ shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels were to be the case in South Somerset, and a discount of 20% were to be applied to these rents (as is suggested by the NPPF) for the affordable units, then the range of rental costs available would be as Figure 18:

Figure 18: Weekly rent thresholds in South Somerset (Source: Valuation Office Agency 2019-20; SDR 2019, JLL)

Weekly Rent £	Upper Quartile Private Rent	Build to Rent (Median + 9.3%)	Median Private Rent	Local Housing Allowance	Lower Quartile Private Rent	Affordable Build to Rent (20% discount)	Affordable Rent	Social Rent
1 bedroom	£120.74	£119.40	£109.24	£101.26	£102.34	£95.52	£87.33	£76.02
2 bedrooms	£157.54	£163.39	£149.49	£132.33	£136.84	£130.71	£108.68	£88.77
3 bedrooms	£189.73	£188.53	£172.48	£166.85	£160.99	£150.82	£132.37	£98.01
4+ bedrooms	£317.37	£301.64	£275.98	£212.88	£228.83	£241.31	£160.17	£112.16

- 4.34 The local housing allowance would be sufficient to cover the costs of affordable Build to Rent units for all dwelling types except for 4-bedroom properties. As such, the promotion of build to rent could be a potentially useful mechanism for bringing forward affordable housing options, particularly on smaller properties.
- 4.35 In terms of pricing, build to rent options in South Somerset are roughly equivalent to upper quartile private rent, but remain more accessible than affordable home ownership options. The assumptions underlying the calculations can be seen in Figure 20 following. While shared ownership mortgages are typically at a higher

⁷ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

interest rate due to the retained charge on the property, changes announced in May 2021 see the minimum share lowered to 10%, and this is intended to reduce deposit levels to make home ownership more accessible.

Figure 19: Income required for a variety of housing options in South Somerset assuming 35% of income spent on rent, and a 3.5% income multiplier (Source: VOA 2019-2020, Land Registry, ORS model)

Household Incomes Needed by Size	Incomes necessary to afford private rents based on spending 35% of income				Income necessary to afford home ownership based on 3.5x multiplier from bank ($\approx 19\%$ of income on housing)		
Size	Access Lower Quartile Rent	Access Median Rent	Access Upper Quartile Rent	Build to Rent	First Homes (30% discount)	Shared Ownership	Home Ownership
1 bedroom	£15,257	£16,286	£18,000	£17,800	£23,228	£28,351	£33,183
2 bedrooms	£20,400	£22,286	£23,486	£24,358	£36,393	£42,694	£51,990
3 bedrooms	£24,000	£25,714	£28,286	£28,106	£45,803	£52,946	£65,434
4+ bedrooms	£34,114	£41,143	£47,314	£44,969	£67,419	£76,496	£96,313

Figure 20: Assumptions underlying Figure 19

Assumptions	First Homes	Shared Ownership	Home Ownership
Equity share	70%	40%	100%
Deposit	10%	10%	10%
Interest rate	3.5%	4%	3.5%
Mortgage term	30	30	30
Rent on retained equity	0%	2.75%	0%
Weekly service charge	£0	£10	£0

- 4.36 The accessibility of affordable home ownership options is partly due to restrictions on the amount a customer can borrow for mortgage purposes. The often-used standard income multiplier of 3.5x translates to an equivalent of approximately 19% of income being used on housing costs, although it should be noted that many lenders offer larger income multipliers. However, a tenant is not subject to these restrictions, and can pay more of their income towards rent, such as 35% in the example above.
- 4.37 If a prospective homeowner were able to secure a mortgage based on a 4.5x multiplier, the income level required would still exceed that of rental options (Figure 21):

Figure 21: Income required for a variety of housing options in South Somerset assuming 35% of income spent on rent, and a 4.5% income multiplier (Source: VOA 2019-2020, Land Registry, ORS model)

Household Incomes Needed by Size	Incomes necessary to afford private rents based on spending 35% of income				Income necessary to afford home ownership based on 4.5x multiplier from bank ($\approx 22\%$ of income on housing)		
Size	Access Lower Quartile Rent	Access Median Rent	Access Upper Quartile Rent	Build to Rent	First Homes (30% discount)	Shared Ownership (40% share)	Home Ownership
1 bedroom	£15,257	£16,286	£18,000	£17,800	£18,066	£22,051	£25,809
2 bedrooms	£20,400	£22,286	£23,486	£24,358	£28,306	£33,206	£40,437
3 bedrooms	£24,000	£25,714	£28,286	£28,106	£35,625	£41,180	£50,893
4+ bedrooms	£34,114	£41,143	£47,314	£44,969	£52,437	£59,497	£74,910

- 4.38 If the rental market were subject to the same restrictions as the mortgage market, i.e. 19% of income is the appropriate amount to spend on housing (equivalent to a 3.5x income multiplier), then renting would be a choice comparable to affordable home ownership options, as demonstrated below (Figure 22):

Figure 22: Income required for a variety of housing options in South Somerset assuming 19% of income spent on rent, and a 3.5% income multiplier (Source: VOA 2019-2020, Land Registry, ORS model)

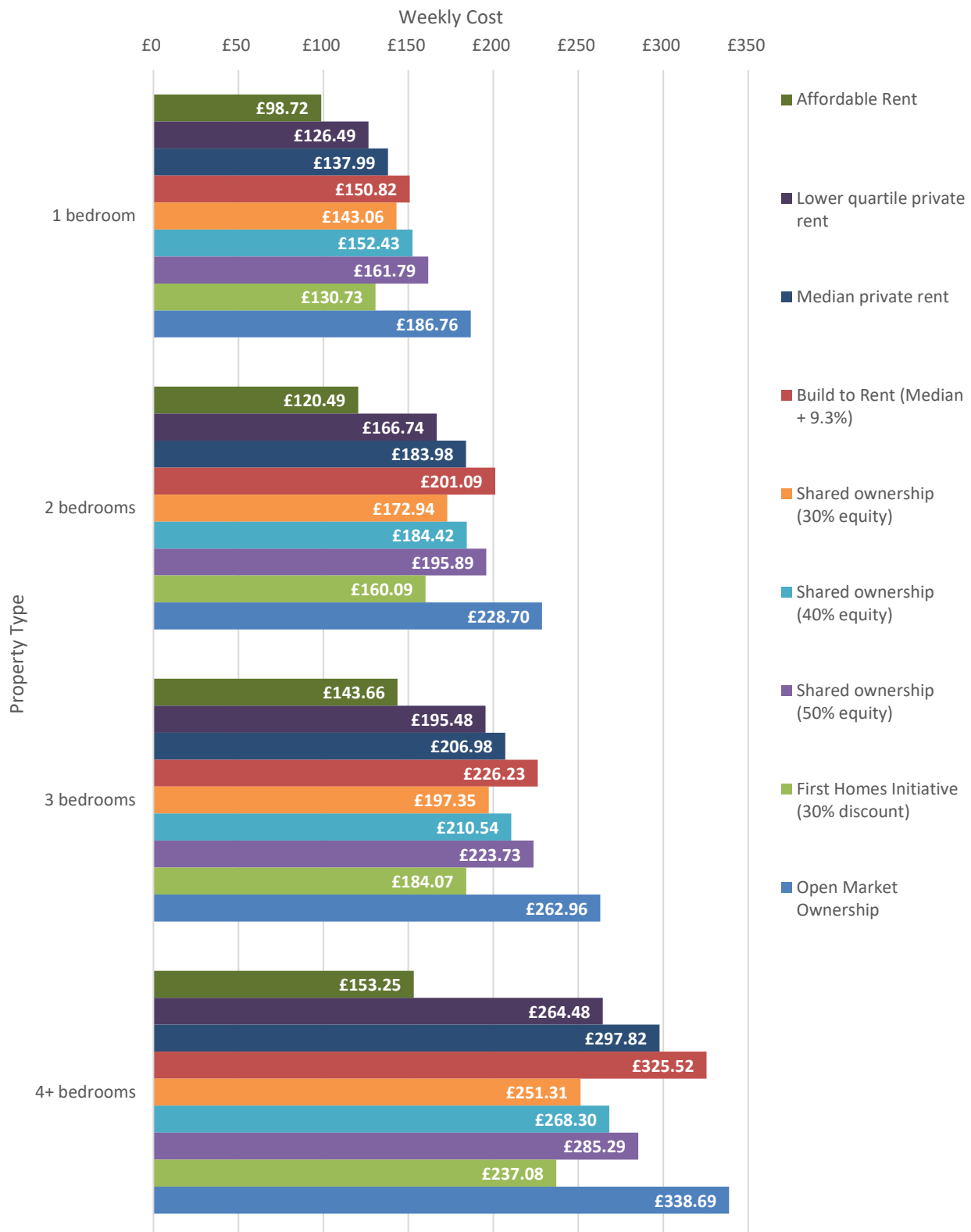
Household Incomes Needed by Size	Incomes necessary to afford private rents based on spending 19% of income				Income necessary to afford home ownership based on 3.5x multiplier from bank (~19% of income on housing)		
Size	Access Lower Quartile Rent	Access Median Rent	Access Upper Quartile Rent	Build to Rent	First Homes (30% discount)	Shared Ownership (40% share)	Home Ownership
1 bedroom	£28,105	£30,000	£33,158	£32,790	£23,228	£28,351	£33,183
2 bedrooms	£37,579	£41,053	£43,263	£44,871	£36,393	£42,694	£51,990
3 bedrooms	£44,211	£47,368	£52,105	£51,774	£45,803	£52,946	£65,434
4+ bedrooms	£62,842	£75,789	£87,158	£82,838	£67,419	£76,496	£96,313

- 4.39 In summary, regardless of the home ownership option under discussion (affordable or otherwise), the income levels required to access these products are considerably higher than the equivalent to access rented property, due to the constraint of mortgage income multipliers. It may be noted that the same hierarchy is not reflected in the weekly costs of these options, which may in some cases be lower than rents on properties of equivalent size (see Figure 23).

Summary of Housing Costs

- 4.40 This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 23 summarises these costs for each property size.

Figure 23: Comparison of weekly housing costs by property size (Source: VOA 2019-2020, Land Registry, ORS model)



^{4.41} Unsurprisingly, for each property size affordable rent is the cheapest and open market ownership the most expensive in terms of weekly costs. Lower quartile market rent is more expensive than a 70% First Homes mortgage in every property size above single bedroom. A First Homes mortgage is cheaper than median rent for all property sizes.

- ^{4.42} The cost of shared ownership predictably varies depending on the equity size purchased, however the fact that it is more expensive on a weekly basis than First Homes for all three equity levels illustrated is evidence of the significance of the rent payable on the equity retained (along with service charges) on weekly costs. Nonetheless, 40% shared ownership is comparable to median rents in the properties with 2 or 3 bedrooms, and meaningfully cheaper on a 4-bedroom property. It is also much more flexible than First Homes and therefore may meet the needs of different households.
- ^{4.43} For properties of 2-bedrooms and over, the cost of occupying a Build-to-Rent property is more expensive than all forms of affordable home ownership shown; and is comparable to the weekly cost of 40% shared ownership for single bedroom properties. This underscores that occupants of Build-to-Rent typically have sufficient income to access home ownership options; yet choose not to.
- ^{4.44} Overall, compared to rental options, the range of affordable home ownership products shown appear to be relatively accessible, however it should be noted that the chart takes no account of the initial cost of a deposit on a property, which is a barrier to many households that seek to get onto the housing ladder. Furthermore, despite the weekly costs being cheaper, the underlying income necessary to obtain a mortgage on a First Home will be meaningfully higher than the underlying income required to rent a property due to the constraint of mortgage income multipliers discussed previously.

5. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 5.1 The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable homeownership. This was retained in the NPPF 2021 update and does not explicitly include First Homes. Annex 2 of the Revised NPPF now defines affordable housing as being:

Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

Revised NPPF 2021, Annex 2

- 5.2 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “Housing needs of different groups” published on 22nd July 2019⁸, which covered:
- » Addressing the need for different types of housing
 - » Affordable housing
 - » Rural Housing
- 5.3 Further guidance to reflect the need to consider First Homes was then added on May 24th 2021.
- 5.4 The changes between the archived PPG and the current revision are highlighted below:

How can the current unmet gross need for affordable housing be calculated?

Strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market.

The unmet (gross) need for affordable housing by assessing (sic) past trends and current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, **either to rent, or to own, where that is their aspiration.***

Planning Practice Guidance, ID: 2a-020-20190220

Emphasis added shows change first introduced in September 2018

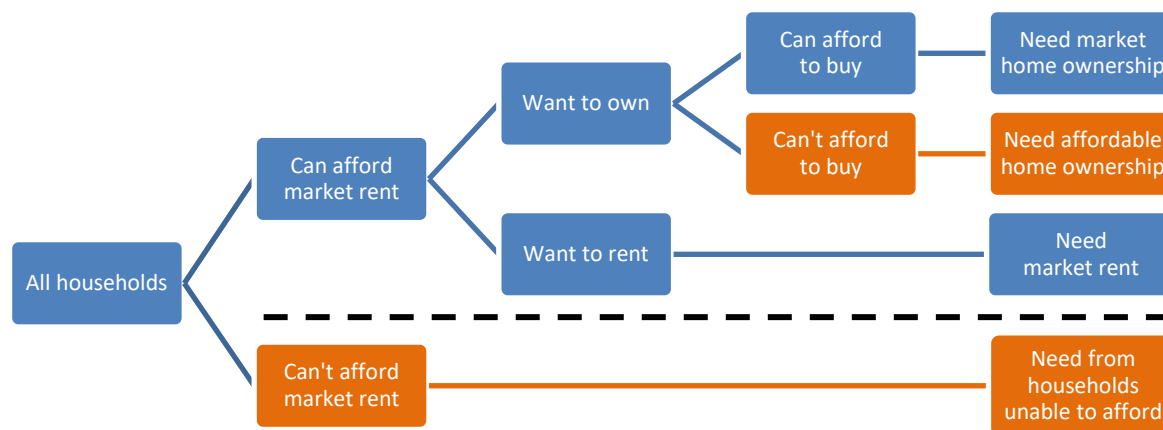
⁸ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

- 5.5 On this basis, it is clear that the assessment of affordable housing need must now consider those households who would like to own but are unable to do so, in addition to those households unable to afford to own or rent which have formed the longstanding basis for assessing affordable housing needs.

Establishing the Need for Affordable Housing to Rent and to Own

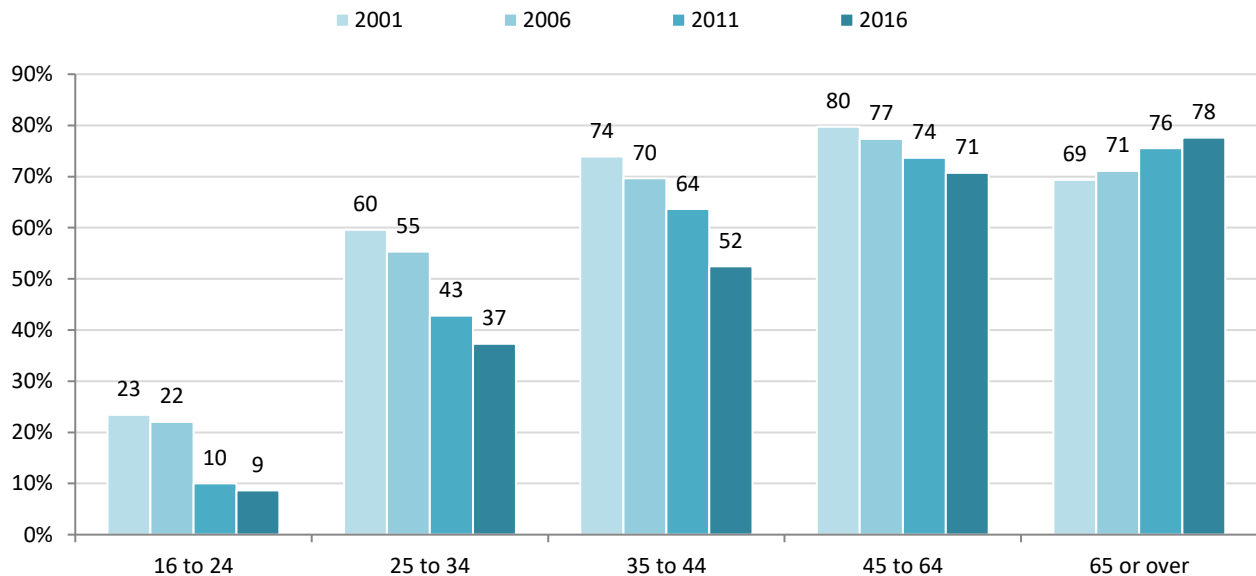
- 5.6 Demographic projections provide the basis for identifying the LHN for all types of housing, including both market housing and affordable housing. There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing; however, when considering the needs of households who can afford to rent but would prefer to own, it is necessary to further develop the existing methods given that PPG provides no additional guidance on how this need should be assessed.
- 5.7 Figure 24 illustrates the different groups of households that must now be considered when assessing the need for affordable housing. The needs of those households that can't afford market rent need to be added to the needs of those that can afford market rent but who want to own but can't afford to buy.

Figure 24: Establishing the need for market and affordable housing



Home Ownership Trends

- 5.8 The emphasis on households that cannot afford to own their home reflects the Government's concerns about the proportion of owner occupiers having reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 68.7% in 2006 to 65.3% in 2011 and reduced yet further to 62.6% by 2016. Over the same period 2006-2016, the proportion of households renting from a social landlord also reduced from 19.0% to 17.1% whilst the proportion renting privately increased from 12.3% to 20.3%. This in part is likely to be due to people becoming accidental landlords when they are unable to sell a property they own and instead rent it out privately.
- 5.9 The proportion of owner occupiers also varies notably by age. Younger age groups have typically been less likely to own their home than older households; however, the proportions of younger households owning their homes has reduced at a faster pace. The most likely explanations for this are the impact of affordability pressures and greater restrictions on borrowing following the financial crash of 2008. In contrast, the proportion of older households (aged 65 or over) owning their home has been increasing (Figure 25).

Figure 25: Percentage of Owner Occupiers by Age Group (England) 2001-2016 (Source: English Housing Survey)

Affordable Housing Need: Households Unable to Afford

- ^{5.10} PPG notes that affordable housing need is based on households “*who lack their own housing or who cannot afford to meet their housing needs in the market*” [ID 67-006-20190722]; though goes on to say that this should include the needs of those that can afford market rent but who want to own but can’t afford to buy. Given this context, the following section firstly considers the needs of those households who cannot afford to meet their housing needs, either through buying or renting. The additional needs of those who can afford to rent but who want to own will be considered in the next section.
- ^{5.11} PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How is the total annual need for affordable housing calculated?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and then converting total net need into an annual flow based on the plan period.

Planning Practice Guidance, ID 67-008-20190722

Current Unmet Need for Affordable Housing

- 5.12 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How can the current unmet gross need for affordable housing be calculated?

Strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market.

The unmet (gross) need for affordable housing by assessing (sic) past trends and current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance, ID 67-006-20190722

Establishing Current Unmet Need for Affordable Housing for Households Unable to Afford

- 5.13 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 5.14 Given this context, our analysis counts the needs of all these households when establishing the need for affordable housing at a base date of March 31st 2020.
- 5.15 The analysis counts the needs of all households living in overcrowded rented housing when establishing the need for affordable housing, (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in South Somerset.
- 5.16 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household; and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by

improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.

- 5.17 Concealed families are defined as, “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”⁹. When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).
- 5.18 Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged 18-54 years (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home). The needs of these households are counted when establishing the need for affordable housing.
- 5.19 Figure 26 sets out the assessment of current affordable housing need for South Somerset.

Figure 26: Assessing current unmet gross need for affordable housing (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey; DWP Housing Benefit; CLG Local Authority Housing Statistics)

SOUTH SOMERSET	Affordable Housing			Increase in Overall Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	11		11	11
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		0	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	15	15	0	
Households accepted as homeless but without temporary accommodation provided	23		23	23
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	203		203	203
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	294		294	
Households living in overcrowded social rented housing	474	474	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	374	39	335	
People who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	31	3	28	
TOTAL	1,425	531	894	237

- 5.20 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **1,425 households in South Somerset are currently living in**

⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

- 5.21 Of these households, 531 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 894 households in South Somerset (1,425 less 531 = 894) that currently need affordable housing and do not currently occupy affordable housing** (although a higher number of new homes may be needed to resolve all the identified overcrowding).
- 5.22 These numbers include a total of households that would not be counted by the household projections because of their being homeless or concealed households.

Projected Future Affordable Housing Need

- 5.23 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How can the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?

Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance, ID 2a-021-20190220

- 5.24 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Local Housing Need (LHN). The Model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.¹⁰ The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 5.25 Whilst PPG identifies that "Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need." [ID: 2a-021-20190220], **the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 5.26 The affordability percentages in Figure 27 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age

¹⁰ Detailed data from CLG 2014-based household projections and sources identified in Figure 15, Figure 26 and Figure 27

group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

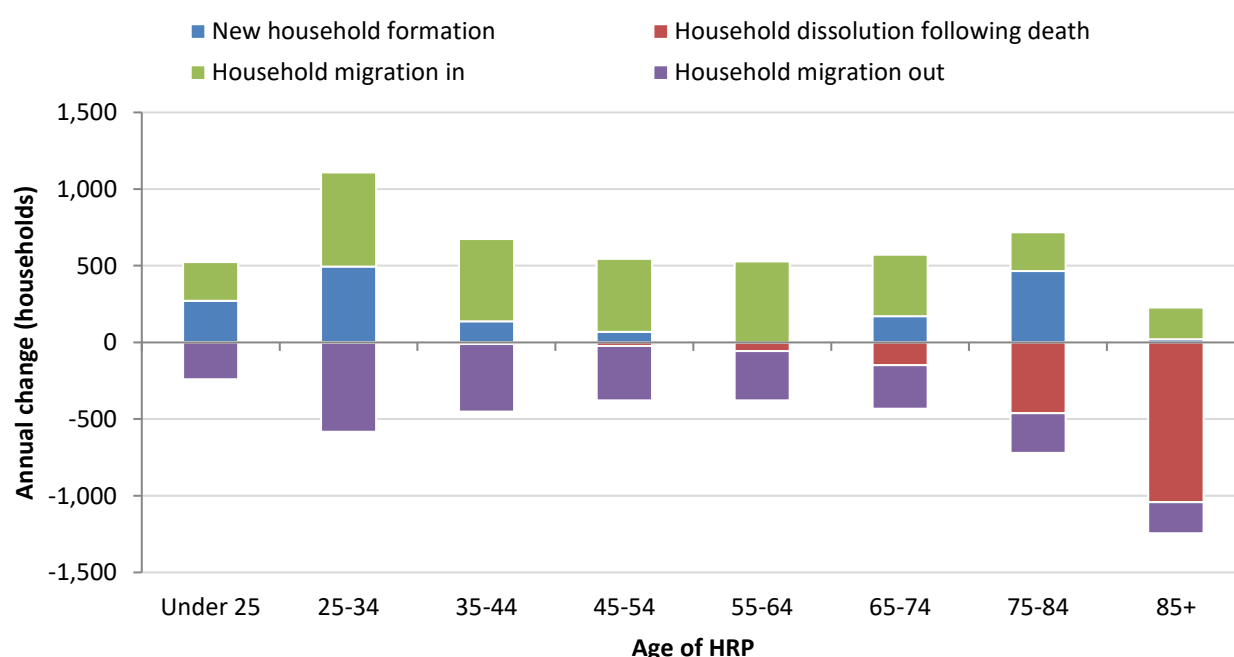
Figure 27: Assessing affordability by household type and age (Source: Census 2011 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
SOUTH SOMERSET						
Single person household	33%	15%	22%	23%	23%	26%
Couple family with no dependent children	13%	5%	8%	8%	6%	10%
Couple family with 1 or more dependent children	52%	27%	16%	11%	15%	32%
Lone parent family with 1 or more dependent children	78%	74%	61%	40%	54%	23%
Other household type	27%	21%	22%	19%	19%	10%

Establishing the Future Affordable Housing Need for Households Unable to Afford

- 5.27 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “*gross annual estimate*” [ID 2a-021-20190220] suggesting that “*the total need for affordable housing should be converted into annual flows*” [ID 2a-024-20190220].
- 5.28 Figure 28 shows the age structure of each of the components of household change. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 28: Annual change in South Somerset household numbers in each age cohort by age of Household Representative Person (Source: ORS Housing Model)



- 5.29 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables look at the impact of different types of household.

Figure 29: Newly forming and in-migration: Annual components of Household Growth 2020-40 in South Somerset (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Somerset	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,540	1,116	423	27%
Households migrating into the area	3,268	2,551	717	22%
All new households	4,807	3,667	1,140	24%

- 5.30 The ORS Model identifies 1,540 new households projected to form in South Somerset each year, of which 27% will be unable to afford their housing costs. This amounts to 423 households each year.
- 5.31 The model also considers new households migrating to the area. The projection is for 3,268 households per annum of which 17% (717 households) will be unable to afford their housing costs.
- 5.32 **This results in a total of 1,140 new households in need of affordable housing per annum.**
- 5.33 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).

Figure 30: Dissolution and out-migration: Annual components of Household Growth in South Somerset 2020-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Somerset	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,746	1,400	345	20%
Households migrating <u>out</u> of the area	2,681	2,063	617	23%
All households no longer present	4,426	3,464	963	22%

- 5.34 In South Somerset, the model identifies 1,746 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright however, 345 of these are likely to have been unable to afford market housing and will mostly be living in social rented housing.
- 5.35 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 2,681 households will migrate out of the area each year, including 617 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 5.36 **Altogether, there are 963 households per annum who will vacate affordable dwellings or will no longer be waiting for a home in South Somerset.**
- 5.37 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in the local authorities will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of

these households are counted by the model, and it is estimated that 228 established households in South Somerset will fall into need each year.

5.38 However, established households' circumstances can also improve. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

5.39 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 281 in South Somerset will improve such that they become able to afford their housing costs having previously being unable to afford.

5.40 Therefore, considering the changing needs of existing households overall, **there is a net decrease of 53 existing households needing affordable housing each year in South Somerset** (Figure 31).

Figure 31: Existing households: Annual components of Household Growth in South Somerset 2020-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South Somerset	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-228	+228	100%
Existing households climbing out of need	-	+281	-281	0%
Change in existing households	-	+53	-53	-

5.41 The following tables (Figure 32) summarise the overall impact of:

- » new households adding to housing need,
- » the households no longer present reducing housing need and
- » the changes in circumstances impacting existing households.

Figure 32: Summary annual components of Household Growth in South Somerset 2020-40 (Source: ORS Housing Model)

South Somerset	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	4,807	3,667	1,140
All households no longer present	4,426	3,464	963
Change in existing households	-	+53	-53
Future affordable housing need 2020-40 (Annual average)	-381	+257	+124

5.42 Overall reviewing the contribution of each element amounts **to an additional 124 households needing affordable housing in South Somerset annually over the 20-year period 2020-40.**

Overall Affordable Housing Need for Households Unable to Afford

5.43 Figure 33 brings together the information on assessing the unmet need for affordable housing in 2020 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 20-year period 2020-40.

Figure 33: Assessing total need for market and affordable housing for South Somerset (Source: ORS Housing Model)

South Somerset	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2020 (see Figure 26)			
Total unmet need for affordable housing (a)	-	1,425	1,425
Supply of housing vacated (b)	657	531	1,188
Current housing need (c) = (a) - (b)	-657	+894	+237
Projected future housing need 2020-40 (see Figure 32)			
Average annual housing need (d)	+257	+124	+381
Future housing need (e) = (d) x 20	+5,133	+2,483	+7,616
Total need for market and affordable housing (f) = (c) + (e)	+4,476	+3,377	+7,853
Average annual household growth (g) = (f) / 20	+224	+169	+393
Proportion of overall need for market and affordable housing	57%	43%	100%

- 5.44 Overall, in South Somerset, there is a need to provide affordable housing for 3,377 households unable to afford to rent or buy over the Plan period 2020-40 (43% of the projected growth) which equates to **169 households per year**.
- 5.45 Figure 34 sets out the housing mix in terms of property type and size for South Somerset. 47% of the affordable housing need is for 2-bedroom properties. Whilst the need for affordable housing with four or more bedrooms is 10% of the overall need, this still represents a need for 350 large affordable homes that need to be provided over the 20-year period 2020-40. Much of this need will be from existing households living in overcrowded accommodation.

Figure 34: Assessing affordable housing mix South Somerset (Source: ORS Housing Model)

	Current Housing Need			Future Housing Need 2020-2040	Overall Housing Need	
	Gross Need	Supply	Net Need		N	%
1 bedroom	76	156	-79	289	210	6%
2 bedrooms	563	217	345	1,249	1,594	47%
3 bedrooms	508	141	367	857	1,224	36%
4+ bedrooms	278	17	261	89	350	10%
Total Households	1,425	531	894	2,483	3,377	100%

Summary for Households Unable to Afford Market Housing

- 5.46 In South Somerset, the housing mix analysis identified a need to provide additional affordable housing for 3,377 households over the 20-year period 2020-40. **This is equivalent to 169 households per year.**
- 5.47 These levels would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but any future losses from the current stock (such as demolition, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.
- 5.48 The analysis also assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Private rented housing (with or without housing benefit) does not meet the definitions of affordable housing and is not counted as affordable housing supply; however

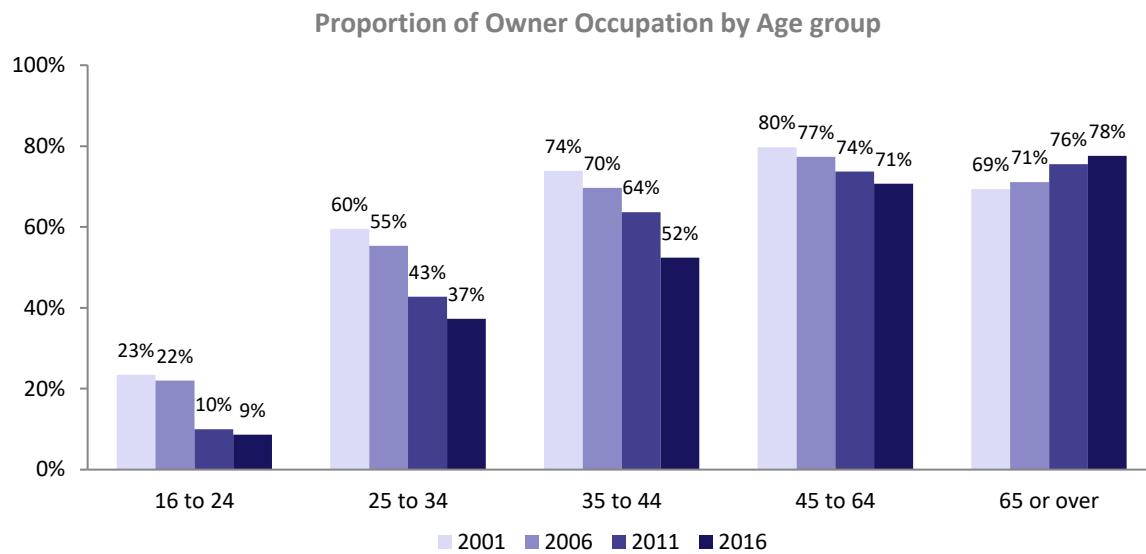
households in receipt of housing benefit are assumed be able to afford their housing costs, so they are not counted towards the need for affordable housing. Nevertheless, if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.

- 5.49 Providing sufficient affordable housing for all of households in receipt of housing benefit in the private rented sector would increase the need to around 4,900 in South Somerset over the 20-year period (245 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.
- 5.50 As policy decisions about housing benefit support provided to households living in the private rented sector are determined by the Government, it will be necessary for the local planning authorities to consider the possible impact of any changes when determining the most appropriate affordable housing targets for the area. This will also need to take account of the latest information from the local authority housing registers. Furthermore, given the net unmet need from 531 households needing affordable housing at the start of the Plan period, it will be appropriate to maximise affordable housing delivery in the early years of the Plan, providing that this does not unduly compromise overall levels of housing delivery in the area.

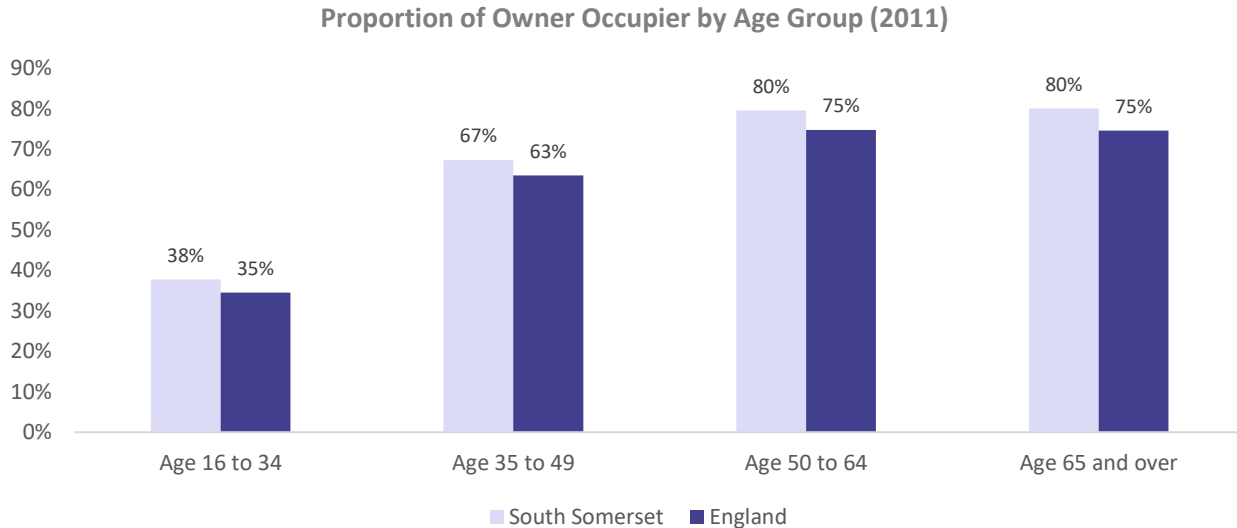
Needs of Households Aspiring to Homeownership

Home Ownership Trends

- 5.51 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
- 5.52 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 25).

Figure 35: Percentage of Owner Occupiers in England by Age Group 2001-2016 (Source: English Housing Survey)

^{5.53} The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in South Somerset versus the national average can be gathered from the 2011 Census (Figure 36).

Figure 36: Proportion of Owner Occupation by age group 2011 (Source: Census 2011)

^{5.54} It can be seen from Figure 36 that there are higher rates of owner occupation in South Somerset than the national average in all age groups reported on by the Census 2011, with the proportion increasing with the age of the household reference person.

Establishing the number of households aspiring to home ownership

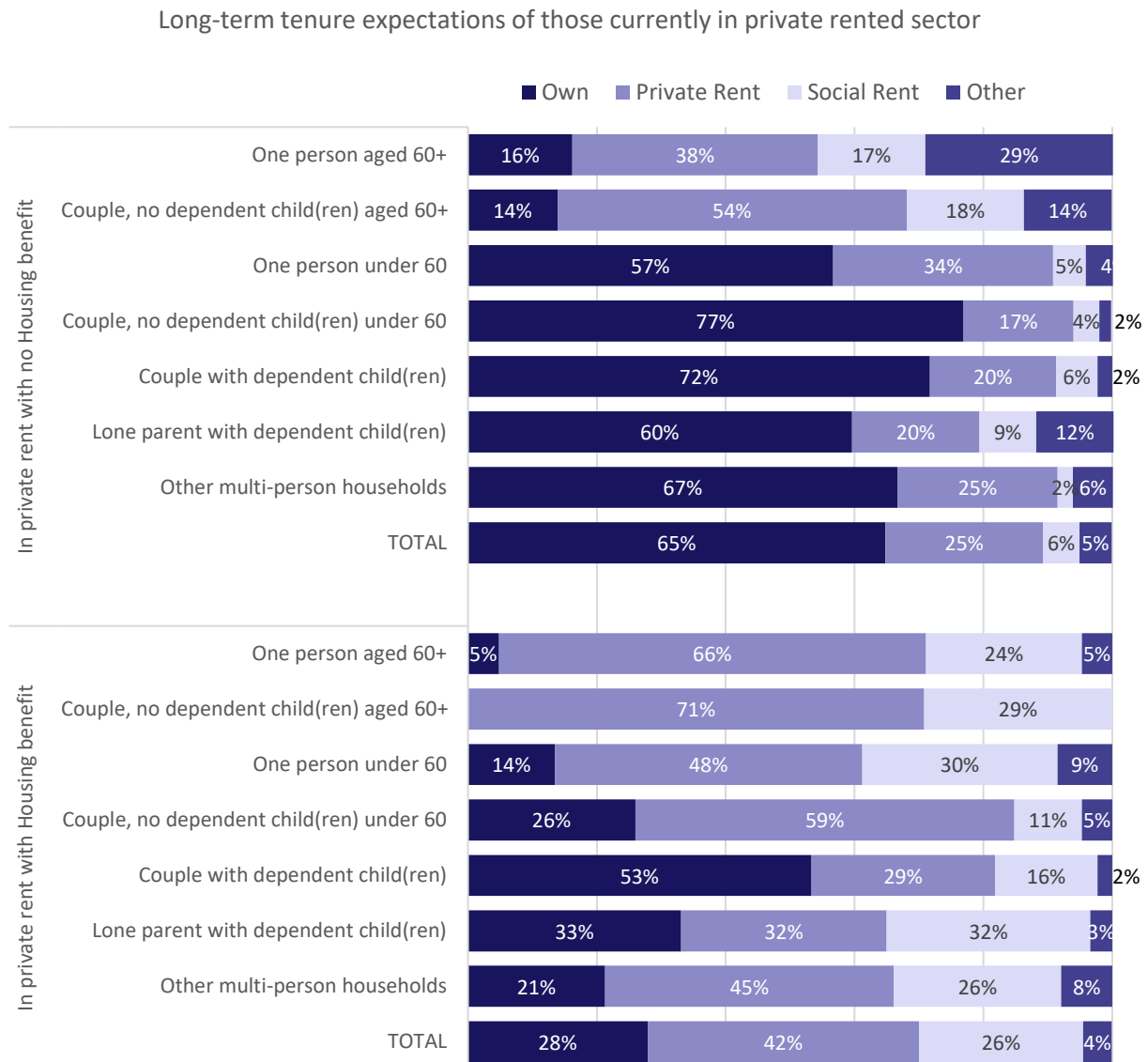
^{5.55} English Housing Survey data shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in social rented housing aspire to homeownership.

Figure 37: Long-term aspirations for England (Source: English Housing Survey 2013/4)

Current Tenure	Long-term Tenure Plan				
	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

- 5.56 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.
- 5.57 The following chart (Figure 38) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.
- 5.58 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with an Household Representative Person (HRP) over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).
- 5.59 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 38: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
(Source: English Housing Survey 2013-14. Note: Own includes shared ownership)



Additional Need for Affordable Homeownership

^{5.60} Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS 2013-14, Figure 39 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. It is important to recognise that all of these households are able to meet their own housing costs in the private rented sector, so would typically not be considered for social or Affordable Rent.

Figure 39: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative						TOTAL
	15-24	25-34	35-44	45-54	55-64	65+	
Single person	139	450	294	151	108	59	1201
Couple without children	132	615	152	204	174	65	1342
Families with child(ren)	91	525	376	177	0	0	1168
Other households	53	94	32	31	13	0	224
Total	415	1,684	854	563	295	124	3,936
<i>Percentage of households</i>	11%	43%	22%	14%	7%	3%	100%

- 5.61 Based on this analysis, we can estimate that there is a total of around 3,936 households currently resident in South Somerset who cannot afford to own their own home but would aspire to do so. Just over half of these households (54%) are aged 15-34 with the substantial majority (76%) aged under 45.
- 5.62 In addition to the current need, it is also important to consider new households that are projected to form over the period 2020-2040. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 2,193 households that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 6,129 households who aspire to homeownership but who cannot afford to buy their own home over the period 2020-40, a net annual need of 306 per year.** The vast majority of this group of private renters can be assumed to be potential first-time buyers, as it is far more common for a renter to become a homeowner (i.e. as a first-time buyer) than the reverse (i.e. entering the rental market having previously owned a home).
- 5.63 As noted earlier in Chapter 4, the government have recently introduced a new housing product entitled First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 6,129 households who aspire to homeownership in South Somerset sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.

Identifying the Overall Affordable Housing Need

- 5.64 Figure 40 brings together the information on assessing the unmet need for affordable housing in 2020 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2020-40. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

Figure 40: Assessing total need for affordable housing 2020-2040 (Source: ORS Housing Model)

	Affordable Housing Need		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to home ownership	
Current housing need in 2020	894	3,936	4,830
Future housing need 2020-40	2,483	2,193	4,676
TOTAL HOUSING NEED	3,377	6,129	9,506

- 5.65 On this basis, we can conclude that the overall need for affordable housing would comprise a total of 9,506 households over the 20-year period 2020-2040, equivalent to an average of 475 per annum.

- 5.66 This represents more than the annual growth of 433 households per annum identified by the ONS 2018-based household projections for the LHN period 2020-2030 (10-year variant, Figure 4). This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

- 5.67 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG February 2019 states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

Planning Practice Guidance, ID 2a-017-20190220

- 5.68 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.
- 5.69 It will be important for the local authority to plan for the needs of all households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. This represents a need from 3,377 households.
- 5.70 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent. But these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less

expensive second-hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.

- 5.71 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:

- a) a First Home must be discounted by a minimum of 30% against the market value;*
- b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
- c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*

Planning Practice Guidance, ID: 70-002-20210524

- 5.72 It goes on at paragraph 4 to outline that:

Can the required minimum discount be changed?

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.

If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.

Planning Practice Guidance, ID: 70-004-20210524

- 5.73 Figure 12 shows that the current lower quartile newbuild prices for a 4-bedroom property in South Somerset is around £370,000, so 70% of this price would be inside the cap limit. Therefore, we have not applied any caps on the discount applied to First Homes based upon the maximum £250,000 value. However, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme. However, we then assess how many of these households can also afford at a 30% discount.
- 5.74 Given this context, Figure 41 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It should be remembered that, as set out in Figure 23, First Homes are typically more affordable than shared ownership in South Somerset, but of course shared ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- 5.75 Of the 6,129 households who can afford to rent but who aspire to homeownership, there would be 1,031 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 1,402 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 41). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 2,840 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

Figure 41: Affordable homeownership housing mix by household affordability 2020-2040 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	851	242	609	127	482	397	85
2 bedrooms	2,334	460	1,874	455	1,419	1,116	303
3 bedrooms	2,448	299	2,149	597	1,551	1,190	361
4+ bedrooms	497	30	466	223	243	136	107
TOTAL	6,129	1,031	5,098	1,402	3,695	2,840	856

- 5.76 On this basis, 856 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is less than a fifth of the total that was originally identified. As previously noted, it is likely that the vast majority of these households would be first-time buyers.
- 5.77 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 856 households likely to form an effective demand (i.e. those able to afford the various products that will potentially be available) in addition to the 3,377 households unable to afford to rent or own market housing. Figure 42 provides a breakdown of the planned affordable housing on this basis.

Figure 42: Overall need for Affordable Housing 2020-40, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need		Affordable Housing (Households)
	Households unable to afford	Households aspiring to home ownership	
1 bedroom	361	85	447
2 bedrooms	1,413	303	1,715
3 bedrooms	1,250	361	1,611
4+ bedrooms	353	107	460
TOTAL HOUSING NEED	3,377	856	4,233

- 5.78 The LHNA identifies an overall affordable housing need from 4,233 households over the 20-year period 2020-40 (211 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property.
- 5.79 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

Affordable Rent

- 5.80 Within the overall need of 4,233 affordable homes identified, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing¹¹. In order to profile affordability, income data from the English Housing Survey (2012-14) and ONS Survey of Personal Incomes (2014 and 2018) has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 5.81 As discussed in Chapter 4, the types of affordable housing that households can afford is influenced by the percentage of income that is assumed to be available to pay rent or mortgage costs. Figure 16 identified the minimum annual income in South Somerset needed to afford Affordable Rents by property size (based on spending up to 35% of total income). This allows for disaggregation of the cohort that are unable to afford market rents to be disaggregated into those who can, and those that cannot afford Affordable Rents. Figure 43 presents the same data as Figure 42, but with those unable to afford disaggregated in this manner. The household aspiring to own figure is based upon those who can access a First Homes property at 50%, but as shown in Figure 23 this is typically more affordable than shared ownership, but it is less flexible. Therefore, additional households may be able to access shared ownership as a means to home ownership.
- 5.82 738 of the 4,233 households identified in Figure 42 (17%) could afford Affordable Rent without housing benefit support. This is 22% of the 3,377 identified as being unable to afford housing costs.

Figure 43: Overall need for Affordable Housing 2020-40 disaggregated based on ability to access affordable rents, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need			Planned Affordable Housing (Households)
	Unable to Afford Market Rent		Households aspiring to home ownership (Figure 42)	
	Unable to afford Affordable Rent	Able to afford Affordable Rent		
1 bedroom	332	29	85	447
2 bedrooms	1,111	301	303	1,715
3 bedrooms	936	314	361	1,611
4+ bedrooms	259	94	107	460
TOTAL HOUSING NEED	2,639	738	856	4,233
Overall Percentage	62%	17%	20%	100.0%

¹¹ While this section is about need and not supply, nor whether it is feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

6. Overall Housing Need

Local Housing Need based on the Standard Method

Introduction

- 6.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure for 2019 can be established as follows:

Figure 44: Establishing the minimum LHN figure for South Somerset (Source: CLG, ORS; Note: All figures rounded to the nearest whole number)

	South Somerset
Step 1: Setting the baseline	
Total households 2020	75,726
Total households 2030	81,274
10-year change 2020-2030	5,548
Annual average	555
Step 2: An adjustment to take account of affordability	
Median workplace-based affordability ratio	7.89
Adjustment factor	24.3%
Affordability uplift	135
Uncapped housing need	690
Step 3: Capping the increase	
Adoption date of most recent Local Plan	05/03/2015
Annual requirement	725
Annual requirement with 40% uplift applied (Cap A)	1,015
Household projection with 40% uplift applied (Cap B)	775
Local Housing Need	690

- 6.2 Based on these calculations, the minimum Local Housing Need figure for South Somerset is 690 dwellings per annum, which is an increase of 5 dwellings per annum when compared with the LHNA 2020. This translates to 13,800 (690 x 20) across the twenty-year period.

Establishing the Housing Target

- 6.3 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

Planning Practice Guidance, ID 2a-001-20190220

- 6.4 In determining the local plan housing target, it will be necessary for the local authorities to consider whether, or not, the LHN could be met within their area, taking account of any constraints on land availability. In particular, it will be important to balance the need for housing against policies intended to restrict development in Areas of Outstanding Natural Beauty and any other areas with similar restrictions.
- 6.5 Where local authorities are unable to meet their LHN in full, it will be necessary for them to engage with neighbouring authorities through the Duty to Cooperate discussion. This should establish if any of the identified housing need that isn't able to be delivered locally (the "unmet need") could be provided for in other areas.

Disaggregating the Minimum Local Housing Need figure

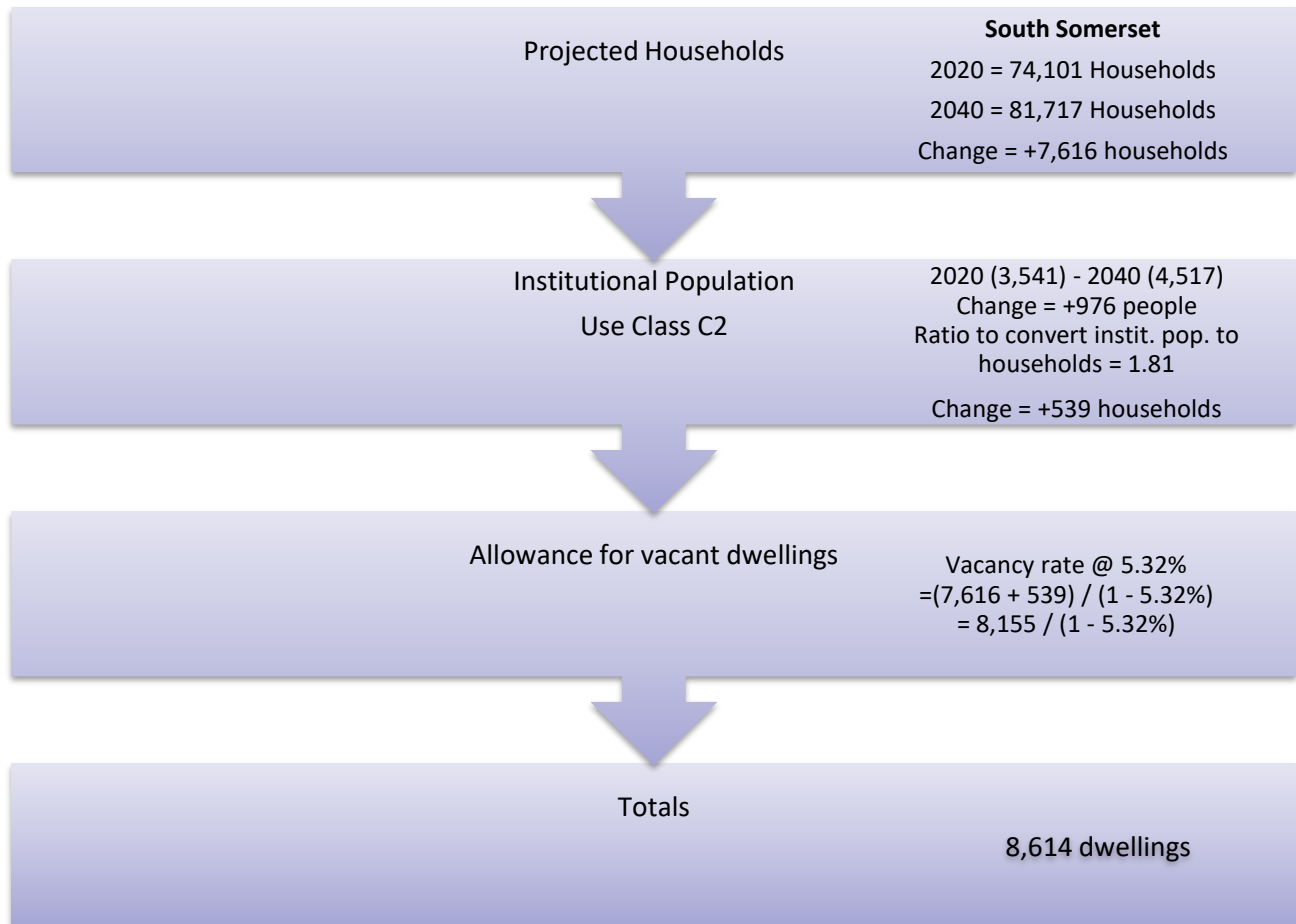
- 6.6 Although the LHN figures are informed by the trend-based household projections, the affordability adjustments (24.3%) mean that the LHN figures are higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
- 6.7 Given this context, delivering the number of homes that the minimum LHN identifies will yield a different population and household growth to that projected using past trends alone. In assessing the appropriate mix of housing, it is necessary to establish demographic projections to align with the number of homes identified by the standard method.
- 6.8 The demographic projections for the LHNAs are based on the latest official projections and cover the 20-year period 2020-2040. They are informed by the latest ONS mid-year estimates,¹² and take account of the most up-to-date fertility and mortality rates and the latest migration trends. Whilst recent trends provide the starting point, the model aligns household growth with the LHN target through varying two key assumptions:
- » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001; and
 - » Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target.

¹² The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

6.9 Figure 45 sets out the separate elements that will contribute to the LHN. These include:

- » Households growth over the 20-year plan period calculated on trend-based projections;
- » Institutional population growth over the 20-year plan period needing communal accommodation;
- » Dwellings without a usually resident household either vacant homes or second homes);
- » Additional dwellings to respond to pent-up housing market pressure.

Figure 45: Elements of housing need (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)



6.10 At this point in our reporting we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling. Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.

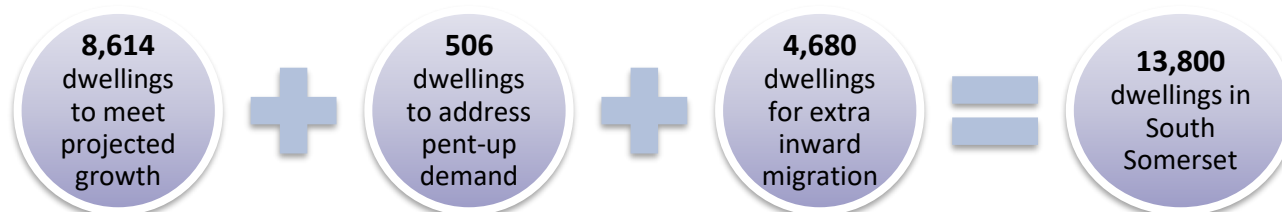
6.11 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 8,155 in South Somerset. However, if we assume that 5.32%¹³ of dwellings will be unoccupied at any one time this means that a total of 8,614 dwellings are required.

6.12 The local housing need has already been identified as 690 dwellings per annum, which translates to 13,800 dwellings across the twenty-year period. This leaves a difference between these housing need figures and the population projected need of 8,614 dwellings.

¹³ Based on 2011 Census data at a local authority level

6.13 This additional need is made up from two elements:

- » Enabling more households to form¹⁴ (from the pent-up housing demand) = 506 dwellings
- » Enabling more net inward migration¹⁵ = 4,680 dwellings



6.14 These 13,800 overall dwellings can be separated into market and affordable housing. A component of affordable housing as outlined in Chapter 5 is affordable home ownership for those that aspire to own. Some of the 5,186 (506 + 4,680) extra dwellings for pent-up demand and in-migration to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers calculated in Chapter 5 is calculated below.

Figure 46: Extra households from pent-up demand and in-migration beyond projected (LHN scenario): Affordable homeownership housing mix by household affordability 2020-2040 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	39	11	28	6	22	18	4
2 bedrooms	106	21	85	21	65	51	14
3 bedrooms	111	14	98	27	71	54	16
4+ bedrooms	23	1	21	10	11	6	5
TOTAL	279	47	232	64	168	129	39

6.15 Figure 46 applies the same calculation to the extra residents as was presented in Figure 41 for households that formed projected growth. Dwellings suitable for 39 extra households are needed to accommodate those that aspire to homeownership that have at least £5,000 in savings and have incomes above the relevant threshold.

6.16 The previous analysis (Figure 41) identified 856 households that could afford an affordable homeownership option and had savings of £5,000 or more. Combining this with the 39 extra households identified, this totals 895 households that will aspire to homeownership and have the financial means to be able to afford First Homes at a 50% discount. Application of the affordable vacancy rate (under 1%)¹⁶ yields 903 affordable homeownership dwellings (Figure 47).

¹⁴ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001.

¹⁵ Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration.

¹⁶ Affordable vacancy rate data from Regulator of Social Housing - Statistical Data Return 2019

Figure 47: Summary of households likely to be able to access affordable home ownership in LHN scenario (Source ORS Housing Model, Census)

	Households able to afford and have savings of £5,000 or more (Base Scenario)	Households able to afford and have savings of £5,000 or more (Uplift for LHN)	Households	Dwellings (including a vacancy rate)
1 bedroom	85	4	89	90
2 bedrooms	303	14	316	319
3 bedrooms	361	16	378	381
4+ bedrooms	107	5	112	113
TOTAL	856	39	895	903

6.17 Figure 48 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 43, and further disaggregating aspire to homeownership into those that can afford First Homes with a 30% discount and those that can afford First Homes with a 50% discount, but not with a 30% discount. This latter group will therefore require the provision of a more accessible product than 70% First Homes (e.g., a form of shared ownership, first homes with a larger discount, or similar). These affordable homes are subtracted from the overall dwelling need calculated above, disaggregating the number of market homes implied by the LHN. The category labelled unable to afford market rent includes both social and Affordable Rent and is broken down in more detail in Figure 43.

6.18 The figures also contain market needs which represents the need for Use Class C2 bedspaces, such as care homes, converted to dwellings. The Class C2 figure is outlined in Figure 45 which considers the projected growth in those in Class C2 in the population and household projections. It is important to note that we are not assuming that the equivalent of 570 dwellings in South Somerset are delivered as Class C2 bedspaces. Instead, the population and household projections assume that the equivalent of 570 dwellings will be vacated by those moving to Class C2. If these moves do not occur because Class C2 bedspaces are not delivered, then 570 more Class C3 dwellings will be required. If Class C2 bedspaces are delivered they can be counted at a ratio of 1.8 bedspaces equals 1 dwelling in the LHN figures.

Figure 48: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Dwellings			Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents	Unable to afford market ownership				
		Unable to afford 70% First Homes	Able to afford 70% First Homes			
1 bedroom	364	5	85	454	499	953
2 bedrooms	1,425	95	225	1,744	1,329	3,073
3 bedrooms	1,261	149	232	1,642	5,292	6,934
4+ bedrooms	356	61	51	469	1,801	2,270
DWELLINGS	3,406	310	592	4,309	8,921	13,230
C2 Dwellings	-			-	570	570
LHN	3,406	310	592	4,309	9,491	13,800

6.19 Figure 49 shows the components of housing need presented in Figure 48 as percentages of the 13,800 overall dwelling need calculated with the proposed standard method in Figure 44.

Figure 49: Overall need for Market and Affordable Dwellings as percentages of the LHN (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Dwellings			Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents	Unable to afford market ownership				
		Unable to afford 70% First Homes	Able to afford 70% First Homes			
1 bedroom	2.6%	0.0%	0.6%	3.3%	3.6%	6.9%
2 bedrooms	10.3%	0.7%	1.6%	12.6%	9.6%	22.3%
3 bedrooms	9.1%	1.1%	1.7%	11.9%	38.3%	50.2%
4+ bedrooms	2.6%	0.4%	0.4%	3.4%	13.1%	16.4%
DWELLINGS	24.7%	2.2%	4.3%	31.2%	64.6%	95.9%
C2 Dwellings		-	-		4.1%	4.1%
LHN	24.7%	2.2%	4.3%	31.2%	68.8%	100.0%

Comparisons with the South Somerset and Somerset West & Taunton LHNA 2020

6.20 The equivalent outputs to those shown in Figure 48 were set out in the Figure 74 of the South Somerset and Somerset West & Taunton LHNA 2020. These have been reproduced below as Figure 50. It should be remembered that since that time not only has the Local Housing Needs figure for South Somerset been updated, but all of the key underlying data around demographic growth and affordability have also changed. In particular, data around fertility, mortality and migration has been updated and this does provide for a different projected household mix for South Somerset. This includes a lower growth in the number of older persons in the population which is reflected in a lower growth projection for single persons and couples without children. This in turn implies a lower need for 1 and 2 bedroom properties. Changes in affordability also see a slight drop in the number of households who fall into the unable to affordable to own housing need category. Again, the need for social and Affordable Rent is included as a combined figure in the unable to afford market rent category, but is separated within the main report.

Figure 50: Overall need for Market and Affordable Dwellings in LHNA 2020 (including affordable home ownership products) by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Dwellings			Total Affordable Housing	Total Market Housing	Total Housing
	Unable to afford market rents	Unable to afford market ownership				
		Unable to afford 70% First Homes	Able to afford 70% First Homes			
South Somerset						
1 bedroom	795	56	69	920	297	1,217
2 bedrooms	1,709	172	394	2,275	1,196	3,471
3 bedrooms	606	148	242	996	5,237	6,233
4+ bedrooms	287	23	30	340	1,733	2,073
DWELLINGS	3,397	400	735	4,531	8,463	12,994
C2 Dwellings	-			-	706	706
LHN	3,397	400	735	4,531	9,169	13,700

7. Needs of Different Groups

Identifying the need for different types of housing

Introduction

- 7.1 Paragraph 62 of the Revised NPPF 2021 requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers each group in turn.

62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

Revised NPPF, paragraph 62

People Wishing to Build their Own Homes

- 7.2 Planning practice guidance requires that people wishing to build their own homes are considered and states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

- 7.3 Over half of the population (53%) say that they would consider building their own home¹⁷ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7-10% of housing completions in the UK¹⁸, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 7.4 The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report "The current state of the self-build housing market" (2001) showed how the sector in the UK had moved

¹⁷ Building Societies Association Survey of 2,051 UK consumers 2011

¹⁸ Self-build and custom build housing (England) House of Commons Brief Paper March 2017

away from those unable to afford mainstream housing towards those who want an individual property or a particular location.

7.5 “Laying the Foundations – a Housing Strategy for England” (HM Government, 2011)¹⁹ redefined self-build as ‘Custom Build’ and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. “Build-it-yourself? Understanding the changing landscape of the UK self-build market” (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build ‘Vanguards’ in 2014 to test how the ‘Right to Build’ could work in practice in a range of different circumstances. Individual local authorities produced their own reviews of their experiences²⁰, but no detailed review of all 11 Vanguards was produced.

7.6 In the Budget 2014, the Government announced an intention to consult on creating a new ‘Right to Build’, giving ‘Custom Builders’ a right to a plot from councils. The Self-Build and Custom Housebuilding Act²¹ 2015 places a duty on local planning authorities to:

- » Keep a register (and publicise this) of eligible prospective ‘custom’ and self-build individuals, community groups and developers;
- » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
- » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

7.7 The 2015 Act was amended by the Housing and Planning Act 2016²² which placed a duty on local planning authorities to provide serviced plots which have planning permission that allows for self-build or custom housebuilding:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority’s area arising in each base period.

Housing and Planning Act 2016 Section 2(a)(2)

February 2021 Policy Update

7.8 In February 2021 the Government updated Planning Practice Guidance in the form of, Self-build and custom housebuilding²³. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

¹⁹ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england-2>

²⁰ [Right to Build Vanguard.pdf](#) and [Version-02-APPG-Enquiry-SCDC-response-to-circ.pdf](#) (cambridgeshireinsight.org.uk)

²¹ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

²² <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

²³ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](#)

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.

Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')

The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016)

Self-build and Custom Housebuilding Regulations 2016

Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Self-build and Custom Housebuilding Guidance

Paragraph: 016 Reference ID: 57-016-20210208

- 7.9 Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- 7.10 Alongside the updated guidance, DLUHC have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than register. However, it is also likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.
- 7.11 As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but DLUHC statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted. The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Self-build and Custom Housebuilding Guidance

Paragraph: 028 Reference ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Self-build and Custom Housebuilding Guidance

Paragraph: 023 Reference ID: 57-023-20210208

- 7.12 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.
- 7.13 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Self-build and Custom Housebuilding Guidance

Paragraph: 011 Reference ID: 57-011-20210208

- 7.14 The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

April 2021 Self and Custom Build Action Plan

- 7.15 In April 2021, MHCLG (now DLUHC) produce a new action plan to further support the development of the self-build and custom housebuilding sector.²⁴ This focused upon four key areas:

- » **Mortgage finance:** – a multi-year funding for ‘Help to Build’ was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.
- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The ‘Planning for the Future’ White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.
- » **Expertise/knowledge gap:** The National Custom and Self Build Association’s (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

²⁴ [Self and custom build action plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/92442/self-and-custom-build-action-plan.pdf)

Evidence for South Somerset

- 7.16 South Somerset have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding registers.
- 7.17 Figure 51 shows that as of October 2020, South Somerset has consistently provided enough self and custom housebuilding plots to meet the needs identified on the register, as measured by CIL exempt properties. It is extremely likely that even more properties were granted planning permission because some sites not explicitly submitted as self-build and custom housebuilding applications provide potential opportunities. In practice it is likely that at least some properties on other sites will also fall within the definition of being self-build and custom housebuilding without claiming CIL exemptions.

Figure 51: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data. Note: * is not recorded)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016- Oct 2017	Oct 2017- Oct 2018	Oct 2018- Oct 2019	Oct 2019- Oct 2020
New applicants on the register	31	44	29	21	21
CIL monitoring – number of new self and custom housebuilding exemptions issued	*	17	46	43	41

Future Need for Self-build and Custom Housebuilding

- 7.18 As highlighted above, South Somerset are currently providing sufficient single dwelling plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register. This has been achieved without any designated policy requirement for either allocated sites for serviced plots, or a requirement for a proportion of plots on larger sites to be made available.
- 7.19 In practice it is possible that the self-build and custom housebuilding register is under-estimating demand for plots in South Somerset and also that the number being delivered is being under-estimated as only small sites granted CIL exemptions are counted. Some buyers on larger sites will also be customising their dwellings and some conversions will involve the eventual occupier of the property.
- 7.20 We recommend that more information is gathered on the number of self-build and custom housebuilding dwellings which are provided currently in South Somerset. It is likely to be much higher than the total number of self-build CIL exemption plots counted, and this information can potentially be gathered as part of the process for gathering information on the 5-year land supply and newbuild delivery.
- 7.21 We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites. There is less evidence that those with lower budgets are having their needs met. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable homeownership dwellings where they can be heavily involved in the building of their final property.
- 7.22 It is for these two groups that South Somerset could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be

considered to fit within the definition of custom-built housing, and could both be encouraged with the provision of small and larger sites.

- 7.23 Meanwhile, South Somerset could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing completed affordable housing, but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.

Housing for Older People

- 7.24 Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.²⁵
- 7.25 Given this context, PPG recognises the importance of providing housing for older people. An additional PPG section on "Housing for older and disabled people" was published on 26th June 2019, which states:

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector ... Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes

Planning Practice Guidance, ID 63-004-20190626

- 7.26 The population projections linked to the LHN of 690 dpa identify that the population of South Somerset is likely to increase from 169,082 persons to 187,851 persons over the 20-year period 2020-40; an increase of 18,770 persons. The population projections used in this section are the 2018 based SNPP adjusted to 2019 MYE and for the total dwelling delivery.
- 7.27 The population in older age groups is projected to increase substantially during this period, with an increase in the population aged 65 or over of 17,606. Of the growth in the 65 or over population, four fifths (77%) are projected to be 75+. This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to be looking for suitable housing (Figure 52).

²⁵ ONS 2016-based sub-national population projections

Figure 52: Resident population for 2020 and 2040 and summary of 20-year change by age for South Somerset (Note: Figures may not sum due to rounding. Source: Dwelling-led population projections based on the identified Local Housing Need)

	Age					TOTAL
	0-15	16-64	65-74	75-84	85+	
RESIDENT POPULATION						
2020	29,694	95,601	23,299	14,600	5,887	169,082
2040	29,414	97,045	27,351	22,880	11,162	187,851
TOTAL CHANGE 2020-2040	-281	+1,444	+4,052	+8,280	+5,274	+18,770

- 7.28 Figure 53 identifies the existing stock of specialist self-contained Older Person housing based on data published in 2015 by the Elderly Accommodation Counsel (EAC).²⁶ These properties typically are Use Class C3, rather than Use Class C2. This identifies a total of 2,131 homes in South Somerset with a small number of further units having been delivered since 2015.

Figure 53: Existing Stock of Specialist Older Person Housing in South Somerset (Source: EAC 2015)

Property Type		Number of Units	Rate Per 1,000 persons aged 75+ years
Housing with support	Owned	402	28
	Rented	1415	97
Housing with care	Owned	10	0.7
	Rented	304	21
TOTAL		2,131	147

- 7.29 The Housing Learning and Improvement Network (LIN) published “More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”²⁷ in February 2008; and subsequently published the “Strategic Housing for Older People (SHOP)”²⁸ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over, and these have informed the evidence base for many adopted Local Plans. We would note that the figures generated by these toolkits are modelled outputs based upon standardised rates of access to older person accommodation. While the existing rate in South Somerset is currently around 147 units per 1,000 persons aged 75+ years they assume much higher rates. The impact of changing rates of access to older persons accommodation is considered later in this section.

²⁶ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC ‘acknowledges both the rented and private sectors contain a wide range of housing types intended for older people. The social sector has traditionally distinguished these as Category 1, 2 etc., but the private sector tends to refer to them all simply as “retirement housing”. This report looks only at schemes that fall within the following definition: “a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group”. It is important to note that a considerable proportion of housing intended for older people falls outside this definition, and is therefore excluded. Extra care, assisted living, and other forms of ‘housing with care’ are included.

²⁷ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

²⁸ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

Figure 54: Benchmark Figures for Specialist Older Person Housing

Form of Provision	More Choice, Greater Voice toolkit	SHOP resource pack
	TOTAL	TOTAL
Demand per 1,000 persons aged 75+		
Leasehold Schemes for the Elderly (LSE)	75	120
Conventional Sheltered Housing	50	60
Sheltered 'plus' or 'Enhanced' Sheltered	20	20
Extra care	25	45
Dementia	10	6
TOTAL	180	251

- 7.30 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures. The More Choice, Greater Voice toolkit recognises that the suggested framework simply:

"...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions." (page 44)

- 7.31 Similarly, the SHOP resource pack acknowledges that the framework simply provides a baseline, which extrapolates *"...crude estimates of future demand from existing data"* (page 36). There is no single correct answer when estimating the need for older person housing, however the rates provide a basis for identifying the potential levels of demand.
- 7.32 We would also note that accommodation for people with Dementia could be in their own home or in a residential or extra care scheme. The important issue for people is to ensure that they receive the necessary care for their condition, rather than the exact form of accommodation they occupy.
- 7.33 The Older People housing options considered in this section follow the definitions in the 2012 Housing Our Ageing Population report (HAPPI2).²⁹ This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes). The specialist housing requirements here were modelled using the Housing Learning and Improvement Network (Housing LIN) SHOP resource pack methodology (2012) and also on a continuation of existing patterns of delivery in South Somerset.³⁰ This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.
- 7.34 Based on the projected growth in population aged 75+ identified, the table below identifies the potential additional requirement for new specialist housing (using a continuation of current provision patterns and also the Housing LIN Older People Resource Pack 2012) for the period 2020-2040. As can be seen, the Housing LIN approach shows a significant need for owned schemes (e.g. LSE, Extra care, Sheltered 'plus') in South Somerset, but a continuation of the current pattern of provision would see a much more limited need for dedicated older person housing.

²⁹http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

³⁰www.housinglin.org.uk/housinginlaterlife_planningtool

- 7.35 In addition to these figures we would also note that there is a modelled need for 1,026 Class C2 bedspaces in South Somerset, as set out in Figure 45 (986 bedspace plus vacancies). These are not included in any of the figures below. The population projections used in this section are the 2018 based SNPP adjusted to 2019 MYE and for the total dwelling delivery.

Figure 55: Modelled Demand for Additional Specialist Older Person Housing South Somerset 2020-40 (Source: EAC 2015 and Housing LIN Toolkit)

Property Type		SOUTH SOMERSET
Population aged 75+		
2020		20,488
2040		34,041
TOTAL CHANGE 2020-2040		13,554
Modelled Demand		
Traditional sheltered		813
Extra care	Owned	407
	Rented	203
Sheltered 'plus' or 'Enhanced' Sheltered	Owned	136
	Rented	136
Dementia		81
Leasehold Schemes for the Elderly (LSE)		1,626
TOTAL		3,402

- 7.36 While the Housing LIN model identifies future need, this is on the basis of existing types of provision (sheltered, extra care etc). It is unclear, at the present time, if Older People will aspire to these types of specialist housing in the future; indeed, demand for some types are already experiencing low demand, and other, newer types of provision may appear to meet changing aspirations in the market. Further, the policy aim of supporting people at home for longer could mean, for example, that floating support services, home care services and assistive technologies to older people, in their own homes, could sustain people there longer.
- 7.37 The table below identifies the potential requirement for new specialist housing, taking account of the current population and existing stock together with the additional demand for the period 2020-2040 based on the projected change in population aged 75+. If current patterns of provision were to continue then a total of 1,400 additional units would be required in South Somerset. However, the Housing LIN SHOP Resource Packs indicate that as many as 6,400 may be required to bring provision in the areas up to their benchmark levels.

Figure 56: Modelled Demand for Older Person Housing in South Somerset based on Current Provision and Housing LIN Toolkit

		Rate per 1,000 persons aged 75+	Gross need 2020	Existing supply	Backlog at start of period	Gross need 2040	New need 2020-40	Overall need
SHOP Resource Pack								
Sheltered Housing	Owned	120	2,459	402	+2,057	4,085	+1,626	+3,683
	Rented	60	1,229	1,415	-186	2,042	+813	+627
Extra Care	Owned	40	820	10	+810	1,362	+542	+1,352
	Rented	31	635	304	+331	1,055	+420	+751
TOTAL		251	5,142	2,131	+3,011	8,544	+3,402	+6,413

7.38 Of course, it is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also be important to consider other factors and constraints in the market:

- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs. On this basis it is likely that the Housing LIN model will overstate the levels of need and will result in too many people being projected to require too high a level of care;
- » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Councils and its partners to determine the most appropriate types of specialist older person housing to be provided in the area. In particular, it can be the case that Class C2 care home bedspaces are developed when in practice these are not required by households, who would be better suited to Extra Care schemes. Similarly, those in Extra Care schemes may be better suited to less intensive forms of care;
- » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
- » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service. The ability to maintain households in their own homes will be a key objective, and this can release the pressure to deliver further dedicated older person care units;
- » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Housing for People with Disabilities

7.39 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010

Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).³¹

7.40 Three standards are covered:

- » M4(1) Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
- » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
- » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

7.41 We would note that at the time of writing there is an on-going consultation on the future of these standards and how they will be applied. However, given that the outcome of this consultation is unknown, we have proceeded to seek to apply the current policy and guidance.

7.42 In terms of new developments, Part M states that: “Where no condition is imposed, dwellings only need to meet requirements M4(1)” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.

7.43 Planning Practice Guidance for Housing explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance, ID 56-007-20150327

7.44 Local planning authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. However, the PPG recognises that there is no single source of information by which to assess demand and some limitations to the available data. Not all of those in receipt of PIPs or Attendance Allowance necessarily require home adaptations whilst DFG applications may underestimate need.

7.45 The PPG states:

Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the

³¹ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

Department for Work and Pensions on the numbers of Personal Independence Payment³² (replacing Disability Living Allowance) / Attendance Allowance³³ benefit claimants. Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant³⁴ (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.

Engagement at all levels can help plan-makers identify the housing needs of people with disabilities. This could include with occupational therapists and specialist access or inclusive design officers. Discussions with disabled people and disabled people's groups can also provide insights into the types of impairments and number of people likely to require accessible homes in the future.

Planning Practice Guidance, ID 63-005-20190626

Assessing need for M4(2) Category 2: Accessible and adaptable dwellings

- 7.46 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.
- 7.47 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

"The provision made must be sufficient to-

- (a) meet the needs of occupants with differing needs, including some older or disabled people, and;*
- (b) to allow adaptation of the dwelling to meet the changing needs of occupants over time."*

Access to and use of buildings: Approved Document M v1, Page 10

- 7.48 The English Housing Survey explores the number of households which contain someone with a limiting long-term illness (LLTI) or disability which impacts their housing need. This identifies that most (71%) of households have no limiting long-term illness (LLTI) or disability and a further fifth (20%) where illness or disability does not affect their housing need.
- 7.49 Overall, 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 57).

³² Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

³³ Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

³⁴ Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

Figure 57: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	All housing
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	6.5%	19.8%	8.8%

- 7.50 Within this group, the substantial majority of households live in a home that is suitable for their needs (either having already moved or adapted their existing home). This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.
- 7.51 The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability in South Somerset to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area.

Figure 58: Households with a long-term illness or disability in South Somerset in 2020 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Market	Affordable	TOTAL
Households with one or more persons with a limiting long-term illness or disability	16,691	6,162	22,853
Does not affect their housing need	11,657	3,628	15,284
Current home suitable for needs	4,279	2,091	6,370
Current home requires adaptation	416	187	603
Need to move to a more suitable home	339	257	596
Total households where a limiting long-term illness or disability affects their housing need:	5,035	2,534	7,569

- 7.52 The model (Figure 58) identifies that there were 22,853 households living in South Somerset in 2020 with one or more persons with a limiting long-term illness or disability. In 15,284 of these households, this does not affect their housing need, but in 7,569 households an illness or disability does impact on housing need.
- 7.53 Amongst those households where it does affect housing needs 6,370 households are already living in a suitable home (having moved or made adaptations). This leaves 603 households needing adaptations to their current home and 596 households needing to move to a more suitable home. The 596 households needing to move represent an existing unmet need for M4(2) housing and some may actually be wheelchair users needing M4(3) housing.
- 7.54 The identified need at the start of the period is based on households' current needs. Even without any growth in the number of households, the proportion with one or more persons with a limiting long-term illness or disability can be expected to increase as the population ages.

- 7.55 Based on household projections and the overall housing need, we can establish the future need for adapted housing (M4[2] and M4[3]) based on the projected household growth and the changing demographics of the area. Figure 59 shows our calculation that, considering the projected household growth and changing demographics (in particular the ageing population), there will be an additional 12,451 households either needing adaptations to their existing housing or suitable new housing to be provided by 2050, so 10 years beyond the proposed Local Plan period of 2040. This includes over 3,000 households in the affordable housing sector including social and Affordable Rent. The figure of 12,451 households will contain a high degree of overlap with those needs older persons housing and Use Class C2.

Figure 59: Households with a long-term illness or disability in South Somerset in 2020 affecting their housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Market	Affordable	TOTAL
Existing households in 2020 likely to develop health problems that affect their housing need within 10 years	2,632	716	3,348
Additional households in 2040 projected to experience problems or likely to develop problems within 10 years	6,727	2,376	9,103
Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years	9,359	3,092	12,451

- 7.56 Combining the future need with the existing unmet need already identified this results in a total need for adapted housing for just over 13,000 households:



- 7.57 To provide M4(2) housing for all the identified need would require housing for up to 13,047 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.
- 7.58 Although some households would prefer not to move, the EHS identifies that many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard required by current building regulations and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in South Somerset, it is likely that around 60% will live in dwellings that could be converted to meet the M4(1) standard.
- 7.59 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 40% of the need for adapted housing could not be met by adaptation of existing homes; a total of 5,264 households when added to the 596 households identified as needing to move at the start of the period (Figure 60). This figure clearly has a significant overlap with the need for 6,413 older persons dwellings set out in the preceding section of this report. Therefore, there is a need for a high number of homes which can be used to accommodate people as their health deteriorates.

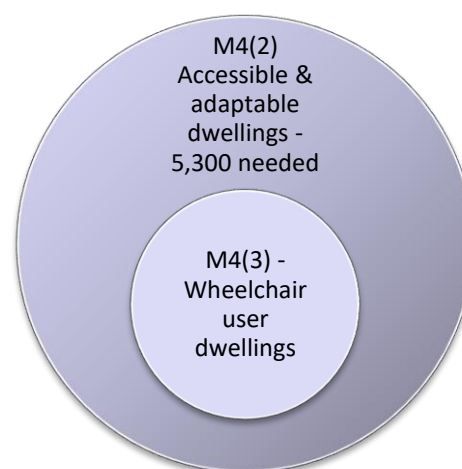
Figure 60: Current and Future households with a long-term illness or disability in South Somerset by effect on housing need
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Market	Affordable	TOTAL
Existing need in 2020			
Households where an existing illness or disability affects their housing need and need to move in 2020	339	257	596
Projected future need 2020-40			
Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years	9,359	3,092	12,451
Maximum need for adapted housing 2020-40 (households)	9,698	3,348	13,047
Less households living in dwellings adaptable to M4(1) standard	5,850	1,933	7,783
Minimum need for adapted housing 2020-40 (households)	3,848	1,416	5,264

- 7.60 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing.
- 7.61 It is important to recognise that this would represent the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.

Housing for Wheelchair Users

- 7.62 The overall need calculated in the previous section represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.
- 7.63 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:



“The provision made must be sufficient to-
(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;
(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

- 7.64 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.
- 7.65 The CLG guide to available disability data³⁵ referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households.

³⁵ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

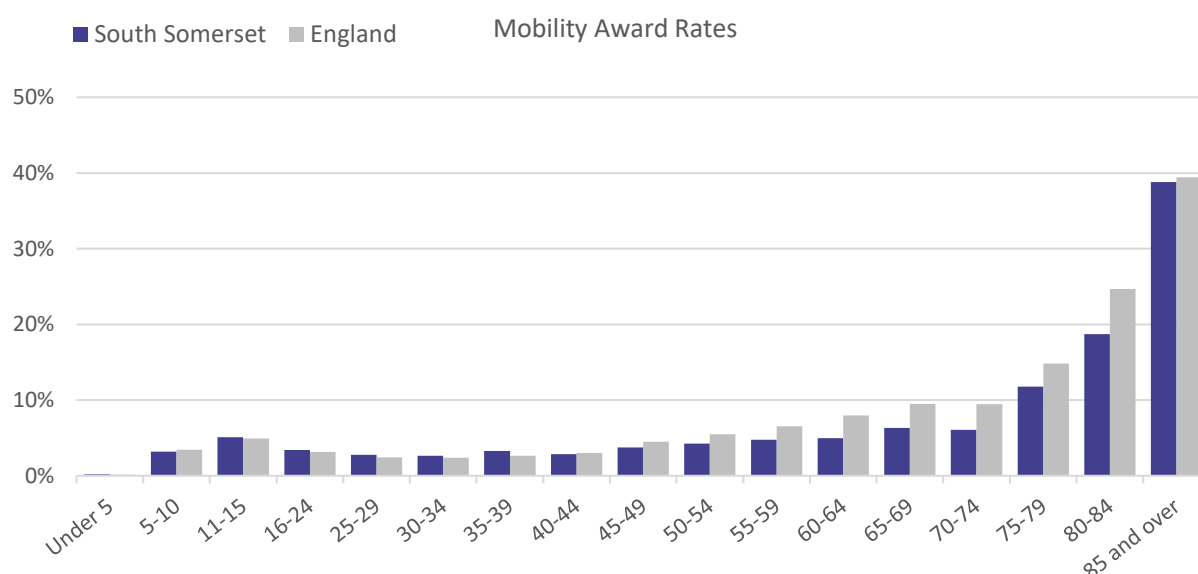
Figure 61 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

Figure 61: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

7.66 To get a better understanding of the local South Somerset data, Figure 62 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for South Somerset against the figures for England.

Figure 62: Disability benefit claimants in receipt of mobility award by age (Source: DWP, August 2020)



7.67 Through combining the information on local rates with the national data, we can establish the proportion of households in South Somerset likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 63).

Figure 63: Percentage of households with a wheelchair user in South Somerset, by type of housing and age of household representative (Source: EHS, DWP)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Market housing	< 0.1%	0.4%	1.0%	1.6%	2.9%	3.8%	5.7%	9.0%
Affordable housing	0.3%	2.0%	2.9%	5.9%	5.9%	9.8%	12.0%	19.4%

7.68 If we apply these proportions to the population and household data for the area, then we can identify the net change in the number of households with a wheelchair user over the period 2020 to 2040. (Figure 64).

Using this approach, we can calculate the number of households likely to need wheelchair adapted housing in South Somerset is likely to increase by 950 over the 20-year period.

Figure 64: Households needing wheelchair adapted housing (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Gross Modelled Need for Wheelchair Adapted Housing	2020	2040	Net change 2020-40
Market housing	1,870	2,470	+610
Affordable housing	900	1,250	+350
Total	2,770	3,720	+950

7.69 Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth (90%) comes from households which are aged over 75. This can be seen in Figure 65.

Figure 65: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2020	2040	Net change 2020-40	2020	2040	Net change 2020-40
Market housing	1,040	1,070	+20	820	1,410	+580
Affordable housing	540	610	+70	360	630	+280
Total	1,590	1,680	+100	1,180	2,040	+860

7.70 This means that there are likely to be some people who are identified in both categories – Wheelchair adapted housing and specialist older person housing.

7.71 Earlier analysis of housing for older people identified a need for 6,400 specialist older person housing units for households aged 75 or over in South Somerset. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that a high proportion of those living in specialist older housing will need wheelchair adapted homes. Given that it is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health, there is a strong case for the percentage of specialist older persons housing that is wheelchair adaptable to be as close to 100% as possible. It should be noted that PPG states that a Local Plan policy can only seek wheelchair accessible housing where the local authority is responsible for allocating or nominating a person to live in that dwelling. However, the Local Plan is still able to require that market housing is wheelchair adaptable.

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Appendix B

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the Revised NPPF, which specifies the main categories of affordable housing to be: affordable housing for rent; starter homes; discounted market sales housing (sold at a discount of at least 20% below market value); shared ownership, relevant equity loans, other low cost homes for sale and rent to buy.

Affordable Rent is provided by social landlords and rented for less than would be paid if renting privately. It must be at least 20% cheaper than the equivalent private rent in the area and must also be below the value of the Local Housing Allowance in the area.

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the HNA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible and adaptable standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2011 Census.

Concealed families are defined as; *“family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”*³⁶.

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

First Homes are discounted market sale units which must be sold with either a 30%, 40% or 50% discount in perpetuity to a person or persons meeting the First Homes eligibility criteria.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

Headship rates are defined by CLG as: *“the proportion of people in each age group and household type who are the ‘head’ of a household”*³⁷

³⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

³⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately. It typically has lower rents than Affordable Rent.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now DLUHC)
DLUHC	Department for Levelling Up, Housing and Communities
DWP	Department of Work and Pensions
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
MHCLG	Ministry for Housing, Communities and Local Government
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment